



FIFA FINANCIAL REPORT 2004







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Foreword • Foreword • Foreword



or Forward

DEAR MEMBERS OF THE INTERNATIONAL FOOTBALL FAMILY,

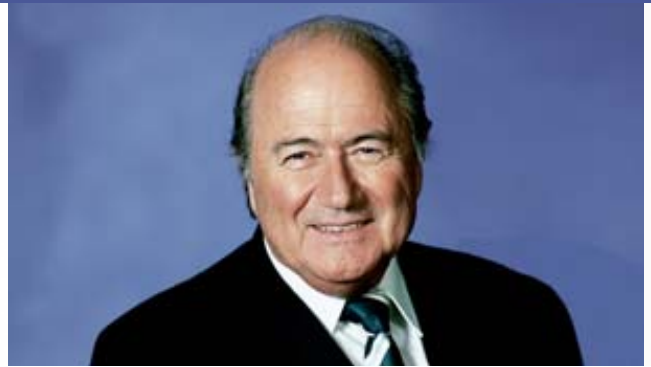
A football match is never over at half-time. A team might have a healthy lead or even have scored a decisive goal but it can only claim victory after the final whistle.

FIFA and the global football family have now reached half-time in the 2003–2006 World Cup cycle but we all find ourselves in the situation described above. Our display in the first half was good – if not very good – and the game, especially from the financial point of view, is largely under control. Our only foes are unforeseeable events, which we must never underestimate. We have learnt our lessons from the events of 2001 and 2002.

As our equity continues to grow steadily, we are well on the way to reducing our dependence on other parties. Nevertheless, FIFA is facing the supreme challenge of concluding new contracts for television and marketing rights

in respect of the 2010 FIFA World Cup™ and securing the existence of the 2014 FIFA World Cup™ in the long term.

The act of tendering and selling rights for mammoth sporting events boils down to a battle for the available capital. International sports federations are consequently compelled to deal in the manner of commercial corporations – in direct competition with one another – and other institutions (especially cultural ones) to procure this precious commodity. The factors that will ultimately decide the issue will be arguments from “investors” that convince us they will invest their funds in a FIFA World Cup™ in the form of marketing and advertising budgets or television rights with a view to making a profit and enhancing our image. The market after the turnaround



will eventually show whether FIFA and its flagship event – the FIFA World Cup™ – and football in general, have managed to strengthen their coveted product on the international sporting rights market. The future looks promising.

Money, as we know, is not everything, but rather an indispensable means to an end that affords us the opportunity of showing solidarity to the entire FIFA family via our countless development programmes and competitions. During the Centennial year, I, as the President of FIFA, rated harmony and collaboration in the entire FIFA family as among the top priorities. We celebrated FIFA's one hundred years of existence admirably and, backed by new Statutes, the Code of Ethics and internal organisation regulations, we set a new benchmark for corpo-

rate governance for other international sports federations and beyond. We created new values reflecting the ideal of fair play and these values continue to promote goodwill and generate prestige for FIFA.

Let us all therefore approach the second half of the game in the same positive frame of mind. Once the final whistle has been blown, we shall be in a position to celebrate a truly worthwhile victory – one that will strengthen FIFA's capacity to face future challenges.

A handwritten signature in blue ink, which appears to read 'Blatter'.

Joseph S. Blatter

FIFA President

DEAR SIR OR MADAM,

The year 2004 – the second in the 2003–2006 World Cup cycle – generated as much joy and satisfaction as the year before. FIFA again set new financial milestones and is now well on the way to reaching or even exceeding its targets for the whole period.

As you will see from the detailed accounts, FIFA managed to increase income in its Centennial year while keeping expenditure on an even keel thanks to the caution exercised by the committees and the administration. FIFA's results, compared to the budget for 2004, show a positive trend.

It must also be pointed out that FIFA acquired more liquid assets than had been projected and was therefore not

obliged to resort to credit or other financial instruments. Equity has now reached CHF 238 million so that FIFA can now face the challenge of the 2006 FIFA World Cup™ in a very optimistic frame of mind. One outcome of this feeling of confidence is the fact that all 32 finalist teams have already been assured of a 38 per cent higher share of the profits in the form of prize money amounting to CHF 332 million – two whole years before the final competition in Germany.

The future also looks bright for FIFA. A public tender comprising European media rights for TV and radio transmissions of the 2010 FIFA World Cup™ was launched on 20 December 2004. Careful market analyses have given rise



to the belief that FIFA can rightly expect a further increase in revenue from these sources. A similar trend is evident in the sales of marketing rights. FIFA is treading new ground by redefining partner categories in this area. Following an open tender process during which other parties also expressed an interest, adidas became the first organisation to sign up as a FIFA Partner from 2007 to 2014 and takes on the role of Official Sports Equipment Supplier under a USD 325 million agreement. Whole new vistas promising FIFA long-term financial security have opened up as a result of the continuing boom in technology, as for instance in the sphere of New Media. FIFA will consequently be in a position to fulfil its obligations

in every respect to its members in exemplary fashion, as in the past.

On behalf of the FIFA Finance Committee, I wish to thank you for your support and trust. I am presenting you with this report in the hope that you will read it carefully and I am looking forward to hearing your comments at the next Ordinary Congress in Marrakech (Morocco) in September 2005.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines, representing the name Julio H. Grondona.

Julio H. Grondona

Chairman of the Finance Committee

DEAR SIR OR MADAM,

This is the third time that I, as the chairman of the FIFA Internal Audit Committee, have had the honour of reporting on the work carried out by this body and on the results of the internal audit conducted on FIFA's finances.

This is all the more gratifying for me, since standards in the Centennial year were raised even further. As conversion to IFRS was completed in early 2003, the first direct comparison can now be drawn to the 2004 consolidated statements with regard to the profit and loss account, the change in equity and the cash flow account. KPMG's reference in the 2003 Auditors' Report to the lack of

comparison with the previous period is no longer relevant in this case.

The FIFA Internal Organisational Rules and Regulations came into force on 1 January 2004, in compliance with the new Statutes. They regulate our federation's structure and are intended primarily to delineate the duties, responsibilities and powers of FIFA's various bodies. These regulations, drawn up with the help of legal and auditing specialists, demonstrate FIFA's readiness to adopt corporate governance in a manner unparalleled among international sports federations. The Internal Audit Committee noticed in recent meetings that the effects of the



provisions were already perceptible in that they are strengthening FIFA's infrastructure. The committee suggested that FIFA should pass the contents of the regulations on to the member associations for adoption so that our sport can benefit at every level.

The FIFA Code of Ethics, ratified by the FIFA Executive Committee on 6 October 2004, is equally significant. Its provisions and requirements guarantee further transparency and strictly ethical standards among the various bodies and officials of FIFA, and football in general.

Finally, I wish to thank you for the trust you show in the committee and its work. As the chairman of the Internal

Audit Committee, I shall do everything in my power to ensure that we continue to carry out our duties to the entire satisfaction of all concerned.

A handwritten signature in blue ink, appearing to read 'Franco Carraro', written in a cursive style.

Dr Franco Carraro

Chairman of the Internal
Audit Committee



FIFA World Cup 2004



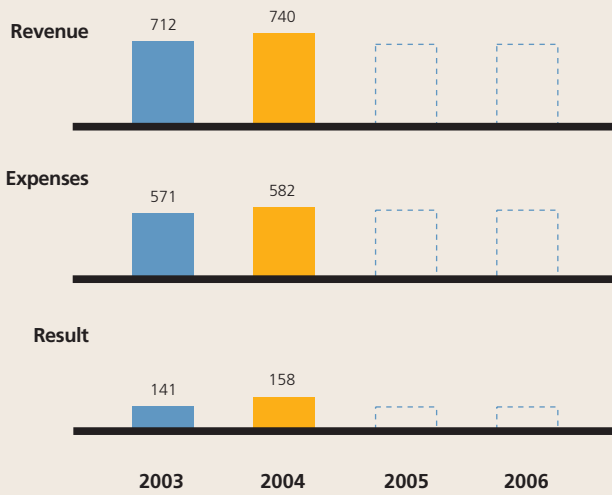
• Facts & Figures

2004 •



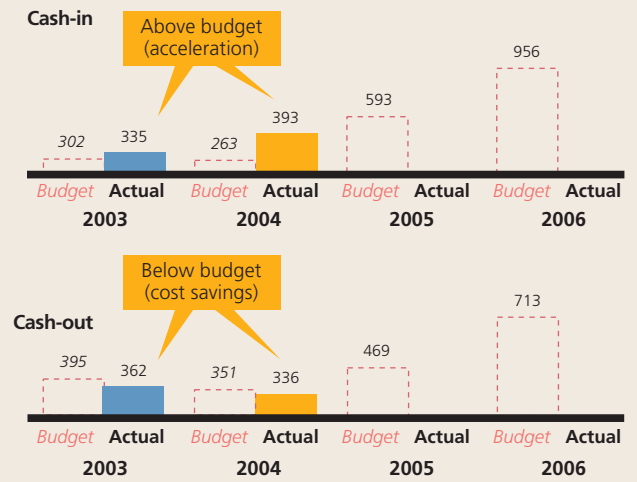
INCOME STATEMENT (ACCORDING TO IFRS)

CHF MILLION



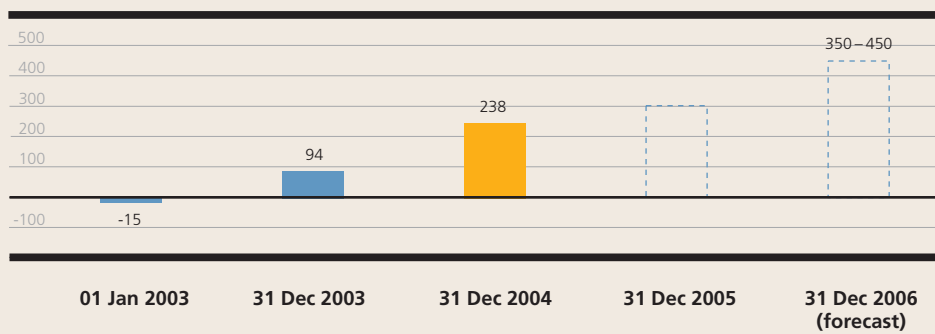
BUDGET COMPARISON

CHF MILLION



EQUITY DEVELOPMENT (ACCORDING TO IFRS)

CHF MILLION



OVERVIEW

In 2004, FIFA registered total revenue of CHF 740 million according to IFRS, total expenses of CHF 582 million and obtained a net result of CHF 158 million.

The budget comparison shows that in 2004 FIFA exceeded its cash-in target by CHF 130 million (effective cash-in of CHF 393 million; budget of CHF 263 million) and was below its cash-out target by CHF 15 million (effective cash-out of CHF 336 million; budget of CHF 351 million).

The higher cash-in is due to accelerated collection of revenue but does not impact on the four-year result. The lower cash-out in 2003 and 2004 represents effective cost savings.

FIFA's equity in the opening balance sheet as of 1 January 2003 according to IFRS amounted to CHF -15 million and increased to CHF 94 million as at 31 December 2003. One year later, FIFA's equity amounts to CHF 238 million (31 December 2004). By the end of 2006, equity of between CHF 350 and 450 million is expected.

This page provides an overview of the facts and figures for the entire 2003–2006 period and especially the year 2004. It includes the

- **income statements** according to **IFRS** for the years 2003 and 2004
- **budget comparison** which compares effective cash-in and cash-out for 2003 and 2004 with the respective budgets as approved by the FIFA Congress (FIFA draws up and monitors its annual budgets on a cash basis)
- **equity development** according to **IFRS** for the years 2003 and 2004 and the forecast for 2006.

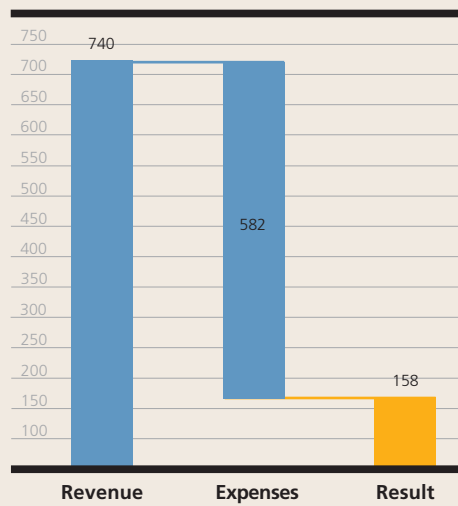
From a financial perspective, FIFA's Centennial year 2004 was a very successful one. The following three key conclusions can be drawn.

- (1) For 2004, FIFA has obtained a **positive result of CHF 158 million.**
- (2) For 2004, FIFA has **reached** its **budget targets** on both the revenue and expense side.
- (3) FIFA's **equity** as at 31 December 2004 amounts to **CHF 238 million.**



INCOME STATEMENT, 2004

CHF MILLION



INCOME STATEMENT, 2004

CHF MILLION

Revenue	740
• Event-related revenue	702
• Other operating income	34
• Financial income	4
Expenses	582
• Event-related expenses	254
• Development-related expenses	141
• Other operating expenses*	155
• Financial expenses	32
Result	158

* Including expenses for personnel, transportation, travel and accommodation, IT, depreciation and amortisation (shown separately in the Consolidated Income Statement, p. 57)

INCOME STATEMENT FOR 2004

For the period 1 January 2004 – 31 December 2004, FIFA registered total revenue of CHF 740 million and total expenses of CHF 582 million. This led to a net result of CHF 158 million.

By 2005 all European Union listed companies must apply International Financial Reporting Standards (IFRS) in their financial statements. Although FIFA is not a listed company, its financial statements have been prepared in accordance with IFRS since 2003.

This chapter provides an overview of the key financial figures for 2004. The detailed financial statements for 2004 can be found in the annexe of this report on pages 54–98.

Based on a decision taken by the 2003 FIFA Congress in Doha, the renowned international audit company KPMG will be auditing FIFA's annual financial statements for the 2003–2006 financial period. KPMG's report for the year 2004 can be found in the annexe on page 99. The report by the Internal Audit Committee is on page 101.

For the year 2004, FIFA's **net result is positive** and amounts to **CHF 158 million**.

FIFA's income statement shows the following structure on the revenue side: event-related revenue, other operating income, and financial income. On the expenses side: event-related expenses, development-related expenses, other operating expenses and financial expenses.

This structure reflects FIFA's main objective, which is to organise international competitions and to improve and promote the game of football constantly through youth and development programmes.



REVENUE, 2004

CHF MILLION

100% = CHF 740 million

Financial income

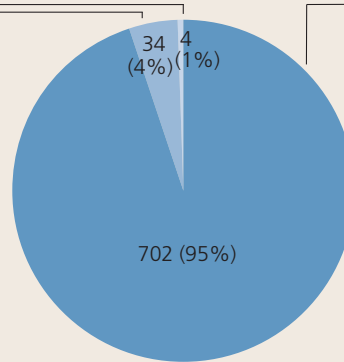
• Interest	3.7
• Foreign exchange effects	0.2
• Investments	0.1

Total 4

Other operating income

• Brand licensing	20
• Quality concept	6
• Penalties	3
• Other (rental income, sale of film)	5

Total 34



Event-related revenue

• TV broadcasting rights	
- 2006 FIFA World Cup™	404
- Additional FIFA Events	7
• Marketing rights	172
• Hospitality rights	65
• Licensing rights	13
• Other	41

Total 702

Official Partners of the 2006 FIFA World Cup Germany™



EXPENSES, 2004

CHF MILLION

100% = CHF 582 million

Financial expenses

• Foreign exchange effects	19
• Interest	10
• Derivatives	3

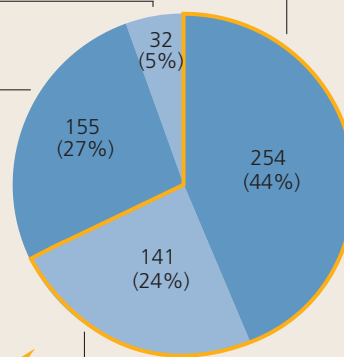
Total 32

Other operating expenses

• Personnel expenses	49
• Transportation, travel, accommodation expenses	21
• IT	7
• Depreciation	6
• Event consultancy	14
• Legal consultancy	12
• External services	9
• New Media	5
• Rent of property	4
• Other (e.g. offices, telecommunication, certification)	28

Total 155

68% for FIFA events & development



Event-related expenses

• Compensation for teams/participants	29
• Contributions to LOC	27
• Rights protection/delivery	6
• Other (e.g. computer solution, insurance)	25
• Accrued expenses	167

Total 254

Development-related expenses

• Financial Assistance Programme	80
• Confederations	23
• Goal	25
• Other (e.g. courses)	13

Total 141



REVENUE AND EXPENSES FOR 2004

Of the total revenue recorded in 2004, amounting to CHF 740 million, CHF 702 million (95%) resulted from FIFA events. The lion's share of this amount is attributable to the 2006 FIFA World Cup Germany™ and was mainly generated through the commercialisation of TV broadcasting rights (CHF 404 million) and marketing rights (CHF 172 million). Other operating income totalled CHF 34 million (4%) and financial income amounted to CHF 4 million (1%).

On the expenditure side, CHF 254 million (44%) of the overall expenses of CHF 582 million for the year 2004 were assigned to FIFA events. This included compensation for teams and participants and local organising committees. The accrued expenses of CHF 167 million within the event-related expenses related to costs incurred in 2004 but not representing effective cash-out. Almost a quarter (CHF 141 million or 24%) of the expenses related to FIFA development programmes (e.g. *Goal* and the Financial Assistance Programme). This represented a total of 68% of the overall expenses for FIFA events and development. Other operating expenses of CHF 155 million (27%) included, for example, personnel costs. Financial expenses amounted to CHF 32 million (5%) and mainly consisted of foreign exchange and interest effects.

FIFA's revenue and expenses in the year 2004 were determined to a considerable extent by **FIFA events**, and in particular by the **2006 FIFA World Cup Germany™**.

Revenue and expenses directly related to the **FIFA World Cup™** are recognised in the income statement using the **"percentage of completion" method** according to IFRS. This means that they are listed by reference to the stage of completion of the event as at the balance sheet date. The stage of completion of the 2006 FIFA World Cup Germany™ is assessed evenly over the four-year 2003 to 2006 period. The application of the percentage of completion method requires that revenue and expenses be estimated reliably.

For **Additional FIFA Events**, revenue and expenses are listed in the income statement when the event takes place.

Expenses for **development programmes** such as the Financial Assistance Programme (FAP) or *Goal* are recorded on a straight-line basis over the project period.



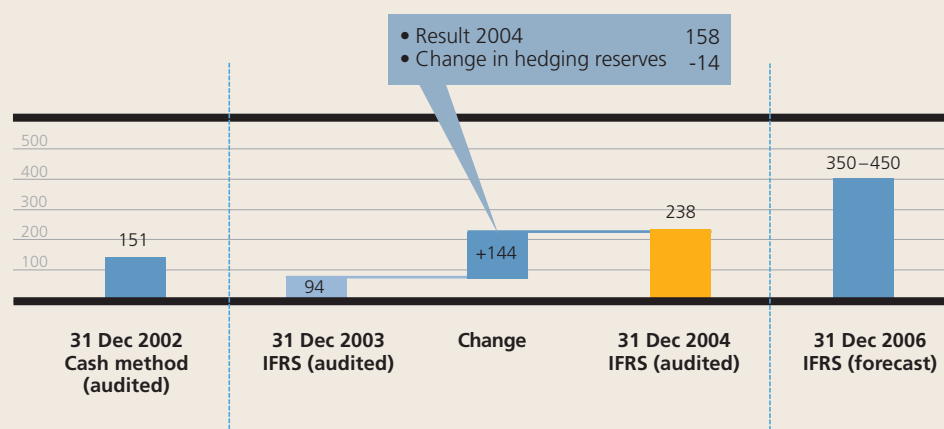
BALANCE SHEET, 31 DECEMBER 2004

CHF MILLION

ASSETS	1,005	LIABILITIES AND EQUITY	1,005
Current assets	729	Current liabilities	683
• Cash & cash equivalents	301	• Payables	25
• Receivables	33	• Income tax liabilities	1
• Prepaid expenses and accrued income	395	• Interest-bearing liabilities	175
		• Derivative financial liabilities	54
		• Accrued expenses and deferred income	428
Non-current assets	276	Non-current liabilities	84
• Property, plant, equipment	122	• Interest-bearing liabilities	83
• Intangible assets	6	• Deferred tax liability	1
• Financial assets	148	Equity	238

EQUITY DEVELOPMENT

CHF MILLION



BALANCE SHEET AND EQUITY DEVELOPMENT

FIFA's current assets consist of CHF 301 million cash. Receivables amount to CHF 33 million, pre-paid expenses and accrued income to CHF 395 million.

Within the non-current assets, FIFA's property, plant and equipment are valued at a total of CHF 122 million, intangible assets at CHF 6 million and financial assets at CHF 148 million.

Under current and non-current liabilities, both "interest-bearing liabilities" items, with a total of CHF 258 million, include the securitisation transaction. Under IFRS, securitisation is considered as a financing transaction, more specifically as a loan towards third party investors.

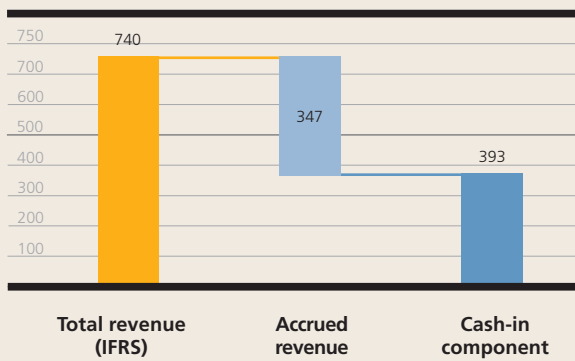
FIFA's **balance sheet** as at 31 December 2004 **totalled CHF 1,005 million**, including current assets of CHF 729 million and non-current assets of CHF 276 million. FIFA's current liabilities amount to CHF 683 million and non-current liabilities to CHF 84 million. This led to **equity of CHF 238 million** as at 31 December 2004. Equity will continue to increase over the four-year period with a target value of **CHF 350 to 450 million** (USD 300 million) by December 2006.

FIFA's equity as at 31 December 2002, based on the cash-method of accounting, amounted to CHF 151 million. With the introduction of IFRS, several restatement effects had to be considered. As at 31 December 2003 FIFA's equity amounted to CHF 94 million. Based on the positive 2004 annual result of CHF 158 million and a change in the hedging reserves of CHF -14 million, the equity as at 31 December 2004 amounted to CHF 238 million. By the end of 2006, equity of between CHF 350 and 450 million is expected.



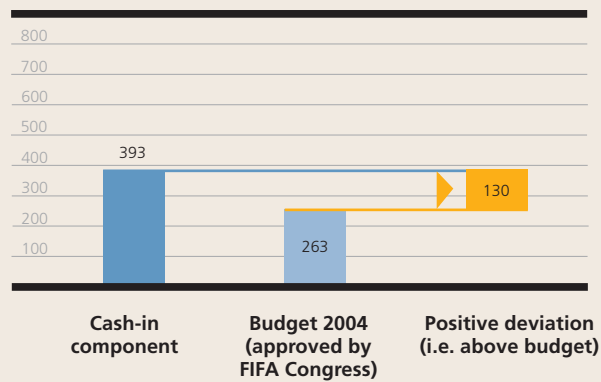
REVENUE, 2004: COMPONENTS

CHF MILLION



REVENUE, 2004: BUDGET COMPARISON

CHF MILLION



ANALYSIS OF REVENUE FOR 2004

The total revenue generated in 2004, amounting to CHF 740 million, can be divided into a cash-in component of CHF 393 million and accrued revenue of CHF 347 million.

Following the changeover to IFRS, it is important to note that not all of the **revenue** generated in 2004 represented effective cash-in for FIFA. The total recognised revenue has to be separated into a **cash-in component** and an **accrued component**. The latter is due to the application of the percentage of completion method according to IFRS.

The annual budgets that are submitted to the FIFA Congress for approval every year are **cash budgets**. A budget deviation analysis therefore needs to be based on a comparison between the approved cash budget and the above-mentioned cash component of the actual figures.

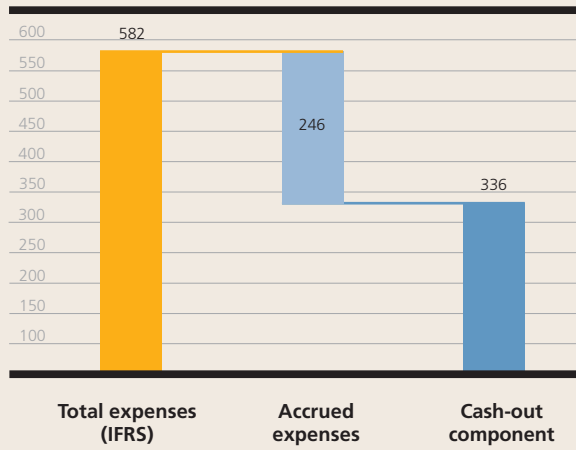
A budget deviation analysis for 2004 shows that the **revenue budget** approved by the FIFA Congress was **surpassed by CHF 130 million**.

The FIFA Congress approved a revenue cash budget of CHF 263 million for 2004. With an effective cash-in component of CHF 393 million, this budget was surpassed by CHF 130 million (49%). It is important to note that this positive deviation is mainly due to the accelerated payments for the TV rights leading to an earlier collection of budgeted revenue. However, this acceleration does not have an impact on the overall result for the 2003–2006 period.



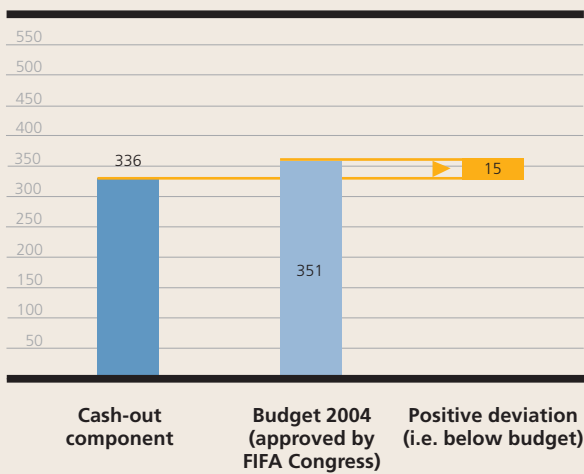
EXPENSES, 2004: COMPONENTS

CHF MILLION



EXPENSES, 2004: BUDGET COMPARISON

CHF MILLION



ANALYSIS OF EXPENSES FOR 2004

The total expenses incurred in 2004, amounting to CHF 582 million, can be divided into a cash-out component of CHF 336 million and accrued expenses of CHF 246 million.

The principle described on the previous page of this report for the revenue side also applies to the **expenditure side**. This means that not all of the total expenses incurred in 2004 represented effective cash-out for FIFA. The total expenses need to be separated into a **cash-out component** and an **accrued component**.

A budget deviation analysis for 2004 shows that the **effective cash-out** was **CHF 15 million lower than** the **expense budget** approved by the FIFA Congress.

The FIFA Congress approved an expense cash budget of CHF 351 million for 2004. With effective cash-out of CHF 336 million, the expenses incurred were under the budget by CHF 15 million (4%). This positive deviation is due to effective cost savings that were achieved in 2004.



ADDITIONAL FIFA EVENTS

Men's Olympic Football Tournament Athens 2004

- 1 Portugal (Frechaut on right) were knocked out of the Olympic Football Tournament in the group round.
- 2 Olympic gold for Argentina.
- 3 Argentina (Mascherano on right) were always a step ahead of their opponents.
- 4 Twilight in Greece.
- 5 High octane in Mali v. Italy.
- 6 The Iraqi fans had every reason to cheer.

Women's Olympic Football Tournament Athens 2004

- 7 Football under the banner of the Olympic rings.
- 8 Goal for Brazil but it was the USA women who came up trumps.
- 9 Precious metals and laurels for Brazil and the USA.
- 10 The American fans were omnipresent.
- 11 Petra Wimbersky's determination paid dividends: bronze for Germany.
- 12 Deciding goal in extra time: USA are women Olympic winners.

Football played a starring role in FIFA's Centennial year too. The **Olympic Football Tournaments in Athens**, the **FIFA U-19 Women's World Championship in Thailand** and the **FIFA Futsal World Championship in Chinese Taipei** all produced some thrilling football.

The **Men's Olympic Football Tournament** in Athens was notable for the astonishing continuity of those triumphs that Argentina had previously enjoyed in the World Youth Championship. Until 2004, Olympic victory had always escaped Argentina's clutches but in Athens they made up for lost time. Argentina cocked a snook at their opponents by netting seventeen goals and conceding none in six matches. They have now gone down in history as the first team to keep their goal intact in an Olympic Football Tournament.

The African continent, on the other hand, was given short shrift with only one representative in the quarter-finals – just like Europe. Asia, Oceania and CONCACAF, on the other hand, gave a good account of themselves. The surprise package turned out to be Iraq. Leaping over one hurdle after the next, they made it all the way to the semi-finals.

As for the **women's competition**, the USA once again held off the young pretenders. After Atlanta in 1996, the Americans pocketed Olympic gold for the second time, beating Brazil 2–1 in extra time in an action-packed final. Apart from the USA, Brazil, Germany and Sweden, the teams from Mexico, Nigeria, Japan and Australia gave further proof that the gap at the top of women's football is closing fast.



FIFA U-19 Women's World Championship Thailand 2004

- 1 Germany had a winning frame of mind from the word go.
- 2 The German women deserved the title.
- 3 Through to the last four: Brazil and China.
- 4 Gorgeous opening ceremony.
- 5 Thai charm.
- 6 Fans in full cry.

Although they pocketed “only” bronze in the Olympics, Germany are beginning to call the tune at the summit of women’s football and to nudge the USA off their pedestal. As winners of the **FIFA U-19 Women’s World Championship in Thailand** in November and the FIFA Women’s World Cup in the USA in 2003, Germany have emphatically seized the throne of world football.

Thailand was the backdrop to a tournament full of twists and turns and thrilling play. It was plain for all to see that huge progress has been made since the first championship of its kind in Canada in the summer of 2002. Coaches, journalists, spectators, players and the members of the Technical Study Group all agreed in their assessment of play, affirming that women’s football was spreading like wildfire all around the world.

In **Chinese Taipei**, three-time world champions Brazil placed all their hopes on regaining the title they had lost to Spain in the previous **FIFA Futsal World Championship** in Guatemala in 2000. But despite an impressive showing throughout the tournament, Falcão and Co. were again forced to admit defeat to the Spaniards in the semi-final and their dream of a fourth world championship title went up in smoke. The Spaniards showed true grit in the final, beating European champions Italy 2–1 and pocketing the world championship title for the second time running. There were no ambush performances to record in Chinese Taipei but fans were entertained with scintillating football that showed that the cleft in standards has narrowed markedly over the past four years.

FIFA Futsal World Championship Chinese Taipei 2004

- 7 Caught on the hop.
- 8 The centre of attention: goalkeepers at the Futsal World Championship.
- 9 Spain defended their title successfully.
- 10 The ultimate artist: Falcão (Brazil).
- 11 Goalkeepers also use their heads.
- 12 Futsal: spectacular scenes in miniature.



GOAL PROGRAMME

Examples of *Goal* projects:

- 1 Guinea Bissau: equipment for the association headquarters and national technical centre in Bissau, opened on 2 February 2003.
- 2 Faroe Islands: association headquarters in Tórshavn, opened on 20 August 2003.
- 3 Swaziland: association headquarters in Mbabane, opened on 30 March 2003.
- 4 Papua New Guinea: association headquarters and national training centre with two pitches in Lae, Morobe Province, opened on 24 May 2003.
- 5 Kyrgyzstan: artificial turf pitch in Bishkek, opened on 10 September 2004.
- 6 Yemen: association headquarters in Sana'a, opened on 20 December 2003.
- 7 Dominica: association headquarters in Roseau, opened on 28 December 2003.
- 8 Cook Islands: football academy and association headquarters in Rarotonga, two pitches, opened on 2 April 2004.
- 9 Iran, Project 2: association headquarters in Tehran, opened on 9 June 2004.
- 10 Guatemala: technical centre with pitches in Guatemala City, opened on 26 November 2002.
- 11 Azerbaijan: technical centre and two artificial turf pitches in Baku, opened on 12 October 2004.
- 12 Sierra Leone: national technical centre with facilities, completed in summer 2004.

Originally the brainchild of **FIFA President Joseph S. Blatter**, the **Goal Programme** was ratified by the 1999 FIFA Congress in Los Angeles. The launch of *Goal* heralded a new era in FIFA's development work. *Goal* was based on the **vision of the House of Football** – not just one house but a house in each country and a house for every one of our 205 member associations. In the light of the overwhelming success of the *Goal* Programme, the 2002 FIFA Congress in Seoul voted to continue the scheme for another four years with a **total budget of CHF 100 million**. The goal of setting up headquarters and a training centre for each association will soon be realised.

A total of **170 countries had benefited** from the *Goal* Programme through **196 projects by the end of 2004**. Several countries which have successfully completed their first project and use and maintain it properly have already been granted a **second project**. In the meantime, the number of associations seeking financial aid and meeting the criteria for a second project has multiplied quickly. When awarding second projects, the *Goal* Bureau, under the leadership of **Mohamed Bin Hammam**, is now obliged to set even more priorities and approve those that promise to be the most useful and enduring.

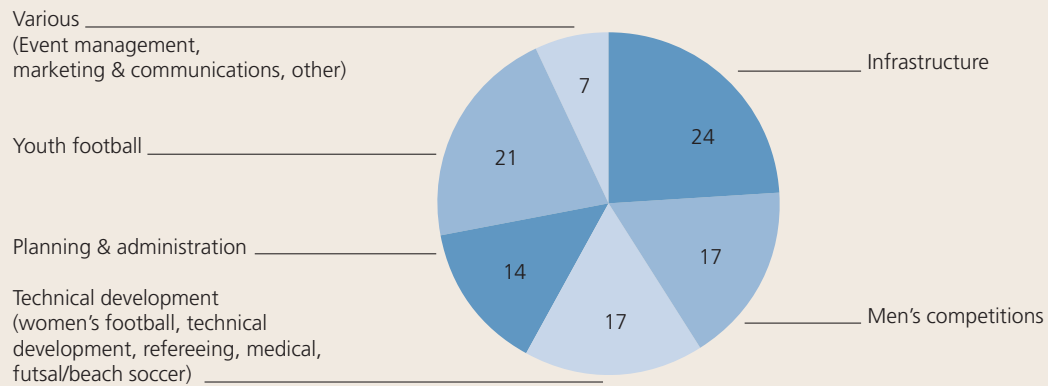
The *Goal* and FAP projects have played a pivotal role in making football more professional. *Goal* and FAP are not only a source of hope and inspiration for the member associations but also serve as an incentive for investing in the development of football.



FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT*

100% = USD 306 million**

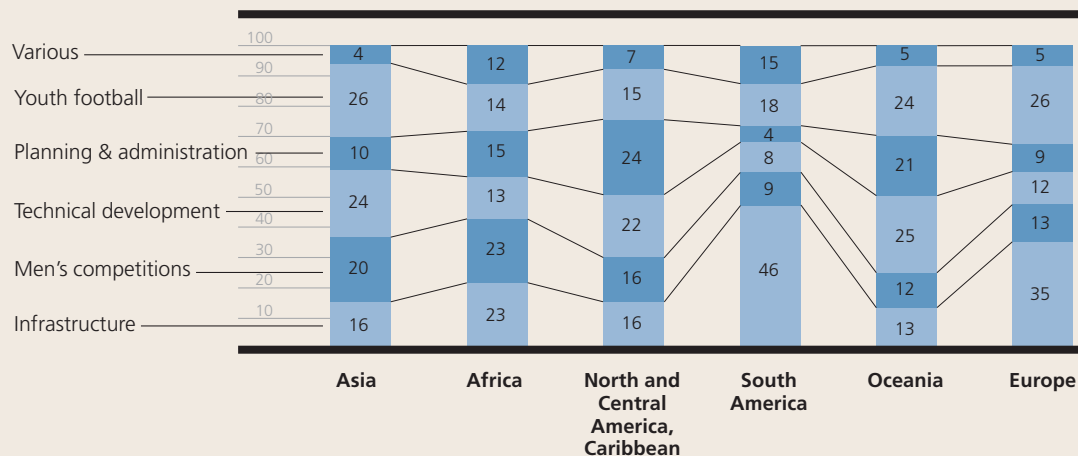


* Distribution for 2001–2004

** Total FAP funds distributed to associations from 1999–2004

FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT*



* Distribution for 2001–2004

FINANCIAL ASSISTANCE PROGRAMME

The member associations of FIFA utilised a significant part of the funds from the Financial Assistance Programme (over 30%) for the technical and administrative development of the game. The next greatest slice (24%) was for investment in building and renovating football infrastructure, often as part of the FIFA *Goal* programme. Consequently, the vision of the House of Football is gradually being realised. A considerable share of the funds, 21%, was dedicated to the development of youth football programmes. Finally, 17% of the funds were used to enable national teams to take part in the numerous competitions staged by FIFA and the confederations.

A glance at how funds have been apportioned by the member associations by geographical region, reveals the emphasis on the different areas of football development as well as some similarities between the regions. In general, a significant portion of funds is being used to build infrastructure, particularly in South America, Europe and Africa. The member associations in South America and Europe each spent over 60% of their FAP funds to develop infrastructure and youth football, whereas the member associations of Asia and Oceania used half of their funds to develop youth football and technical aspects. Africa prioritised infrastructure development and men's football competitions (46% total), while North and Central America and the Caribbean targeted a large portion of their funds (46%) to set up an efficient football administration as well as to invest in technical development.

In 1999, **FIFA President Joseph S. Blatter** began to implement the **Financial Assistance Programme (FAP)** that his predecessor, Dr João Havelange, had launched for the benefit of the member associations of FIFA. **Each association**, regardless of size, received **USD 1 million** to be invested in football development for the four-year cycle 1999–2002. The **confederations** received **USD 10 million** each for the same period. The same amounts will be paid to the associations and confederations for the 2003–2006 period to fund worthwhile projects based on long-term plans for the member associations.

In 2003, FIFA adapted the **FAP Regulations** to suit requirements in the light of experience gained in the first four years. **Amendments** were made primarily to optimise procedures, especially with regard to improving the use of the funds through better planning and coordination with FIFA's other football development programmes and to achieving more transparency in the use of the funds through standardised procedures. In addition to central **monitoring of 10% of the associations**, the amended regulations stipulate that all of the associations and the six confederations must conduct **local audits**. Each FIFA member is required to designate a local auditor who will **audit the FAP account every year**.

The associations are entitled to invest the funds in projects with high priority. However, as from 2005, they will be compelled to set at least **10%** aside, in other words **USD 25,000**, to promote **women's football**. FIFA believes that, as a result of this unequivocal financial commitment and insistence on a coherent programme from each association and confederation, women's football will undergo enormous progress over the next few years.



2003-2006 Period 200



3-2006

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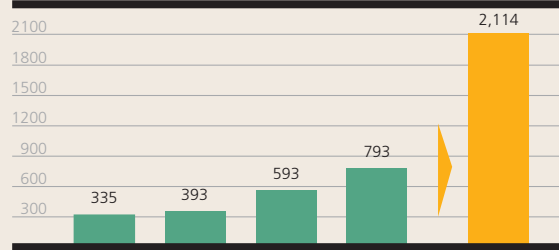
2003-2006



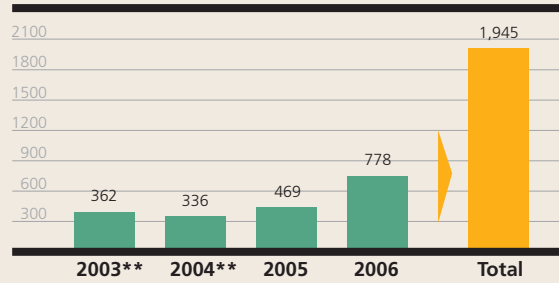
CASH FORECAST 2003-2006

CHF MILLION

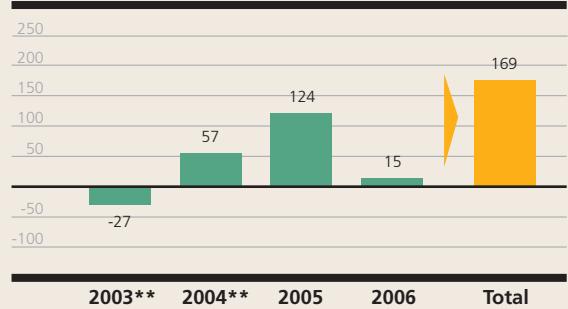
Revenue*



Expenses*



Result (revenue - expenses)



* Excluded: Additional revenue of CHF 270 million out of 2006 FIFA World Cup™ Hospitality Programme used to refinance additional support of CHF 250 million for the German organising committee
 ** Actual figures

BUDGET 2006

CHF MILLION



ANNUAL FORECAST

The four-year forecast is based on minimum contractual revenue and contractual obligations. For each new financially relevant contract concluded and decision taken, the forecast needs to be updated. The following additional effects had to be taken into account:

- Acceleration of revenue from TV rights in 2003 and 2004
- Cost savings compared to budget of CHF 33 million in 2003 and CHF 15 million in 2004
- Increase of prize money for the 2006 FIFA World Cup™ finalists (impact of CHF 50 million on result)
- New project “FIFA World Cup Gala Berlin 2006” preceding the 2006 FIFA World Cup™ (impact of CHF 15 million on result)

Including these effects, FIFA anticipates a cash result of CHF 169 million for the 2003–2006 period.

The budgeted revenue for 2006 amounts to CHF 793 million (cash method) with CHF 696 million (88%) coming from TV broadcasting rights, CHF 1 million from Additional FIFA Events and CHF 96 million (12%) from other revenue (e.g. licensing).

The budgeted expenses for 2006 amount to CHF 778 million (cash method). Details on the expense budget can be found on the following page.

In 2002, a **forecast for the 2003–2006 period** was presented to the FIFA Congress in Seoul, based on the cash method that FIFA had always used thus far. Revised cash forecasts were presented to the FIFA Congresses in Doha in 2003 and in Paris in 2004.

For reasons of consistency and internal budget control, the **forecast** and the **individual annual budgets** will continue to be submitted as **cash budgets** to the Congress for approval.

The **annual financial statements** for the years 2003 to 2006 will be in accordance with **IFRS**.

The **comparison** between the budget and the IFRS financial statement will be drawn by separating the financial statement into an **accrued component** and a **cash component** and comparing the latter with the approved cash budget (see pages 22–25 of this report).



BUDGET 2006: EXPENSES

CHF MILLION

FIFA operational expenses and services

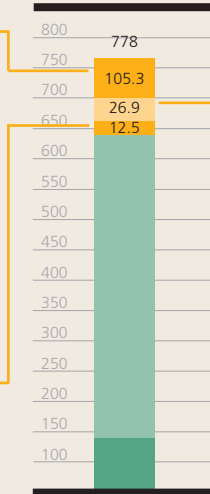
• Presidential Office	3.6
• General Secretary	3.1
• Committees	14.0
• HR & Services	
- Personnel	45.0
- Services	16.0
• Communications	9.4
• Stadiums & Security	0.1
• Finance & Controlling	4.6
• Legal	9.5

Associations & Football Administration

• Congress	9.0
• Relations with associations	1.8
• CIES	1.7

105.3

12.5



Expenses 2006 (cash component)

Marketing & TV

• Account management & rights delivery	13.3
• Licensing	1.8
• New Media	1.6
• Quality concept	1.5
• Beyond 2006	0.9
• FIFA Brand	0.5
• TV	0.1
• Official music	0.1
• Other	7.1

26.9

BUDGET 2006: EXPENSES

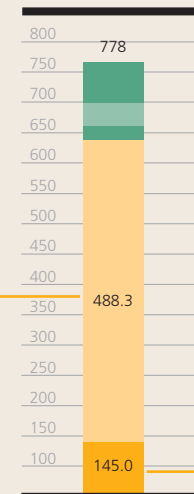
CHF MILLION

Competitions

• 2006 FIFA World Cup™	464.3
• "FIFA World Cup Gala Berlin 2006" *	15.0
• FIFA U-19 Women's World Championship 2006	8.0
• Blue Stars/FIFA Youth Cup	0.7
• Other	0.3

488.3

145.0



Expenses 2006 (cash component)

Development

• Financial Assistance Programme	81.6
• Confederations payments	24.4
• Goal	25.0
• Humanitarian Support Fund	2.0
• F-MARC	1.5
• Refereeing	1.4
• Other (e.g. courses)	9.1

145.0

* Net impact (total budget of CHF 45 million)

BUDGETED EXPENSES FOR 2006

The budget for 2006 was proposed to and approved by the **FIFA Finance Committee** and the **FIFA Executive Committee**. The final approval of this budget rests with the **2005 FIFA Congress**.

In **2006**, FIFA will again be able to meet all of its financial obligations towards all of its interest groups in full. FIFA will be able to maintain the same level of financial support in 2006 as in the preceding years, particularly through **development projects** for the associations, such as the **Financial Assistance Programme** and **Goal**.

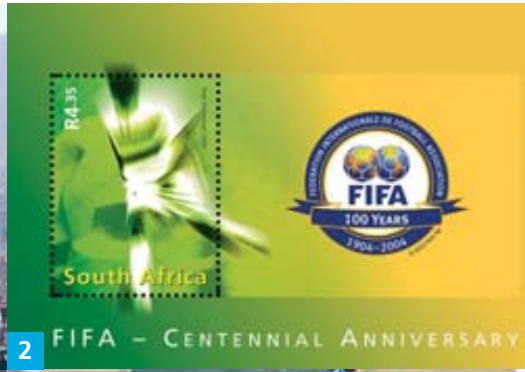


Special Topi

Special Topi



Topics • Special Topics



TWELVE MONTHS AS VARIED AS FOOTBALL ITSELF

- 1 The FIFA flag flying high over Zurich.
- 2 South Africa's commemorative stamp for FIFA's Centennial.
- 3 No footballs, no game.
- 4 FIFA town Zurich with President Blatter and Mayor Ledergerber.
- 5 Rollout: the FIFA tram.
- 6 Football on the move in public transport.

- 7 A dream game for the Centennial.
- 8 An electric atmosphere from the fans.
- 9 The "wave" in action in the packed Stade de France.
- 10 All eyes on international star Birgit Prinz.
- 11 Poetry in motion: Zinedine Zidane.
- 12 Brazil in old-fashioned white kit.

Countless events and celebrations throughout its **Centennial year** allowed FIFA to shine the spotlight on football's many faces, and to show just how the game spans the world and transcends borders.

In 2004, every day was a Centennial day. To celebrate its one **hundred years of existence**, FIFA devised a programme to highlight the kaleidoscopic facets of football through the whole gamut of historical, cultural, social, economic and sporting perspectives. Dozens of children took part in a **new FIFA tournament** on the banks of Lake Zurich; Zidane and Ronaldo took to the Stade de France in historical jerseys for the **FIFA Centennial match**; and in December 2004, the Zurich Opera House played host to the world's best footballers instead of tenors and sopranos.

A series of television programmes called "**The Beautiful Century: 100 Years of FIFA**" was launched in early 2004 to enable countless fans all around the world to relive some of the greatest moments in football history. Rare pictures from FIFA's archives and special footage were fused to document football's progress and development from a popular yet fragmented leisure pursuit to the undisputed global game.

For the first time in its history, FIFA also commissioned a series of commemorative **medals** and **coins** in honour of its Centennial. In late January, FIFA, the official mints in Paris and Switzerland, and the central banks of Brazil and Uruguay unveiled a programme that paid tribute to these countries' achievements in football.

Then, on 9 March, the Swiss Post Office released **FIFA's first-ever postage stamp**. There was an immediate run on the pennant-shaped collectors' piece and, by



- 1 A sea of green at the Centennial Congress in Paris.
- 2 And the winner is: South Africa!
- 3 Friends for many years: Pelé, Blatter and Beckenbauer.
- 4 The International F.A. Board met in London.
- 5 Nobel prize winners Tutu, De Klerk and Mandela with President Blatter and Executive Committee member Bin Hammam.
- 6 Dedicated to Africa: Nelson Mandela expresses his thanks to FIFA President Blatter.

- 7 The Centennial medal.
- 8 The Olympic Games gave birth to the notion of a World Cup: IOC President Rogge, Pelé and FIFA President Blatter.
- 9 Contented President in the Centennial year: Joseph S. Blatter.
- 10 Special exhibition in the Olympic Museum, Lausanne
- 11 Reception given by the Swiss government in Berne.
- 12 The birthplace of FIFA in 229 rue Saint-Honoré.

the end of 2004, over 70 postal services from all around the world had followed their Swiss counterpart's lead.

In addition, as football not only moves people emotionally but also from one place to another, it was only fitting for FIFA to have a special form of transport in its home city of Zurich. Since 11 May, a special **FIFA tram** with pictures of Zidane, Ronaldo and Co., smiling fans and the FIFA World Cup™ trophy has been capturing admiring glances as it passes through the city.

As FIFA's birthplace, **Paris** was at the heart of the celebrations. And the international football family congregated on the banks of the Seine from 17 to 21 May. On 20 and 21 May, the stage at the Carrousel du Louvre provided a pleasant setting for the **54th Ordinary FIFA Congress**. On the pitch, football celebrated with two Centennial matches. A record crowd of more than 80,000 fans flocked to the Stade de France to watch Henry and Ronaldo don historical shirts for the men's game, preceded by an entertaining women's showpiece match, in which the Women's World Stars defeated the German world champions 3–2.

Furthermore, FIFA also awarded a **Centennial Order of Merit** via the associations to one person from each association who had given extraordinary service to the game in that country. During the Congress ceremony, FIFA awarded a Centennial Order of Merit for each decade of its existence.

The academic world also had a big part to play as symbolised by the issue of **new FIFA chronicles**. Four respected historians – Professors Lanfranchi, Eisenberg, Masson and Wahl – had been given unrestricted access to FIFA's archives and the end result was a 300-page



- 1 Pele chose "The FIFA 100".
- 2 Football mesmerises millions.
- 3 A new angle on stars.
- 4 Conclusion and climax: FIFA World Player Gala in the Zurich Opera.
- 5 Tenor José Cura sings "Nessun dorma" for Thierry Henry and World Player of the Year Ronaldinho.
- 6 Football meets opera at the FIFA World Player Gala.

- 7 Superstar Lionel Richie causes the earth to quake under the guests' feet.
- 8 The Centennial Congress in the Louvre Carrousel in Paris.
- 9 Historic backdrop to a historic Congress.
- 10 The Republican Guard in front of Chateau de Chantilly.
- 11 100 years are worth a firework display any time.
- 12 The media are instrumental to football's popularity.

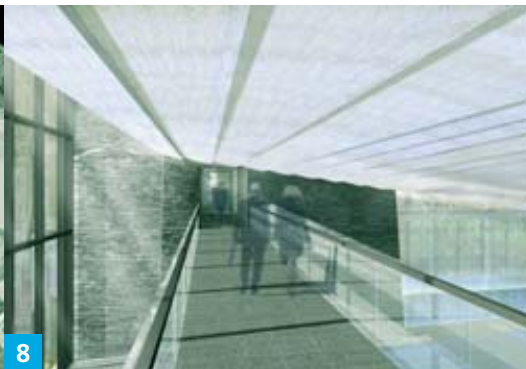
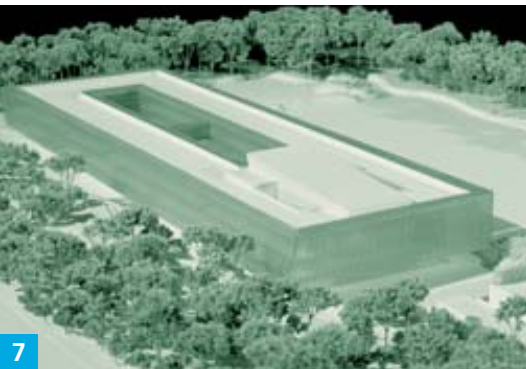
masterwork with 150 photographs – a truly impressive insight into the history of football and civilisation as a whole.

In the summer of 2004, the International **Center for Sports Studies (CIES)** at the University of Neuchatel hosted a week of colloquiums and seminars, while a special exhibition at the **Olympic Museum in Lausanne** is highlighting the close links between the FIFA World Cup™, the Olympic Games and especially the Olympic Football Tournaments until April 2005.

But there was also enough time for football too. Athens and four other venues were the setting for the **Olympic Football Tournaments**, while Asia played host to two events – the **FIFA Futsal World Championship** in Chinese Taipei and the **FIFA U-19 Women's World Championship** in Thailand. FIFA also triumphed in the virtual world with the **FIFA Interactive World Cup**.

Several heads of state and government, such as **HM Queen Elizabeth II, British Prime Minister Tony Blair, French President Jacques Chirac** and his **Swiss counterpart Joseph Deiss**, who was representing the Swiss government at the Congress in Paris, all paid tribute to FIFA in its Centennial year.

2004 also coincided with two momentous events that were not directly connected with the Centennial. On 14 May, the foundation stone was laid for the **new Home of FIFA** at a spectacular ceremony with a view to inaugurating the new headquarters in 2006. The very next day, the FIFA Executive Committee made an historic decision when it awarded the **2010 FIFA World Cup™ to South Africa – the first country on the African continent to receive that honour.**



HOME OF FIFA

- 1 President Blatter speaking at the foundation-stone laying ceremony for the Home of FIFA.
- 2 The Home of FIFA will be located in FIFA Street.
- 3 Everyone pulling in the same direction.
- 4 Schoolchildren symbolised FIFA associations.
- 5 Bags of earth from each association: a solid foundation for the Home of FIFA.
- 6 Blessing the foundation stone.

- 7 An elegant building for the future Home of FIFA.
- 8 The rooms will be bathed in light.
- 9 The new auditorium with room for an audience of 200.
- 10 Cosy corners inviting conversations.
- 11 The new Home of FIFA will serve as a meeting point.
- 12 Glass is synonymous with transparency.

FIFA has moved home several times over the past 100 years and finally relocated to **Zurich, Switzerland, in 1932.**

Since its beginnings in **229 rue St. Honoré in Paris**, FIFA has grown into an organisation encompassing the world, employing approximately 240 employees currently spread over six different buildings in Zurich and Zug (Marketing & TV). This situation soon proved to be impractical.

In summer 2003, a leading Swiss bank tendered a site near Zurich zoo that met all of FIFA's requirements – the location, size and accessibility were ideal. FIFA promptly applied for planning permission. Confirmation of permission to build was received just in time for the **foundation-stone laying ceremony on 14 May 2004.**

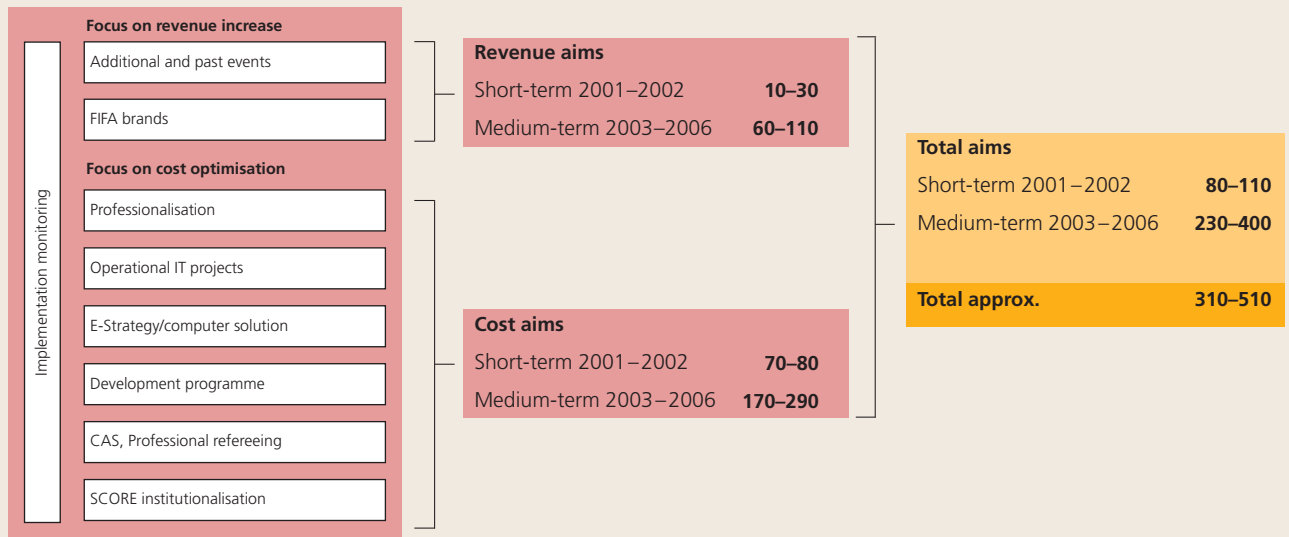
A brainchild of Swiss architect Tilla Theus, the Home of FIFA will measure 143 m in length, 41 m in width and 12 m in height. As well as two upper storeys, the elongated rectangular building will boast six underground levels, the first basement acting as the entrance to the building. An area of 900 m² has been designated as a basement despatch department accessible to small vans. Rooms for technicians will cover 3,000 m² whereas archives and storage will take up 6,000 m², 170 m² of which will be reserved as special archives for files, books and films. The building will also incorporate dressing rooms, an artificial football pitch of international dimensions, a training field and a beach soccer pitch.

As work on the building is running like clockwork, our move to the **Home of FIFA** will take place according to plan in spring 2006.



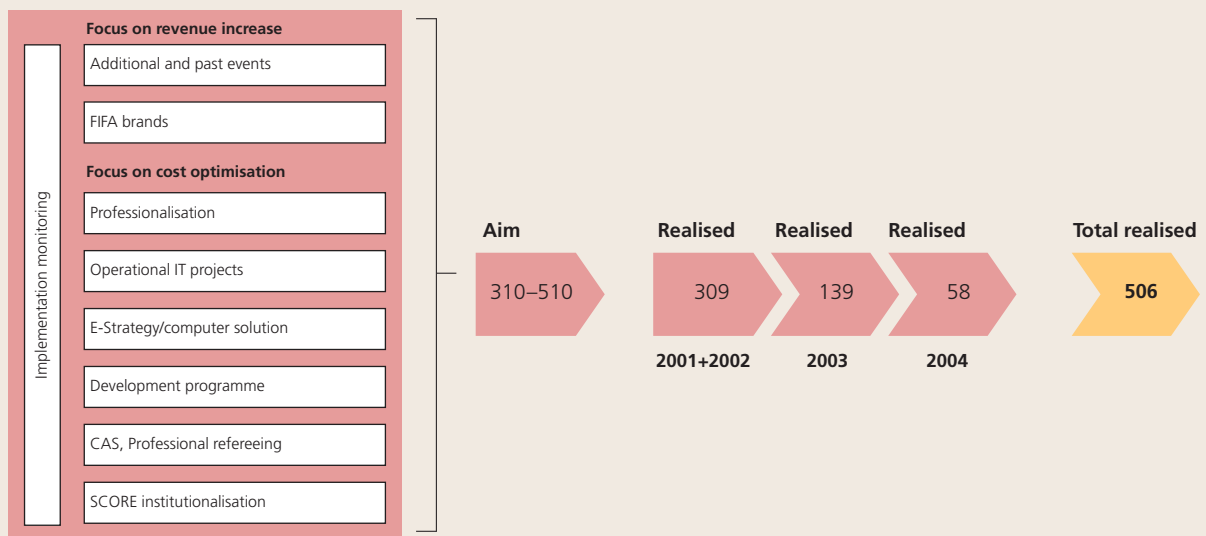
SCORE AIMS

CHF MILLION



SCORE IMPLEMENTATION, END OF 2004

CHF MILLION



SCORE PROJECT

The SCORE project is made up of nine modules; two of them focus on increasing revenue and six on optimising expenses. The ninth module (monitoring implementation) strictly supervises the implementation of initiatives on both the revenue and expenditure sides.

The short-term objective of SCORE was to bring about a total value of CHF 80–110 million by the end of 2002. In the medium term, the aim is to realise savings of CHF 230–400 million for the 2003–2006 period. The overall impact by 2006 should thus be savings of CHF 310–510 million.

SCORE was launched successfully in 2001. More than 80 initiatives were identified. Of these more than 80 initiatives, FIFA has so far actually realised savings of CHF 506 million.

SCORE has the ambitious **goal** of generating a total value **of between CHF 310 million and CHF 510 million** from 2001 to 2006. By the end of 2004, **CHF 506 million** had already been **realised**.



Annexe • Annexe • Annexe



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Annexe

Consolidated financial statements according to International Financial Reporting Standards (IFRS) as per 31 December 2004

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These consolidated financial statements are published in English, German, French and Spanish. In the case of inconsistencies, the English original version shall prevail.

CONSOLIDATED INCOME STATEMENT

in CHF	Note	2004	2003
Event-related revenue			
Revenue from television broadcasting rights	1	410,834,614	428,136,080
Revenue from marketing rights	2	172,403,505	174,407,629
Revenue from licensing rights	3	13,284,131	11,968,309
Revenue from hospitality rights	4	65,000,000	65,152,827
Other revenue	5	40,866,878	3,188,772
Total event-related revenue		702,389,128	682,853,617
Event-related expenses			
	6		
Compensation for teams and participants		-28,530,492	-18,623,168
Contributions to teams		0	-19,700,000
Contributions to local organising committees		-27,230,029	-74,960,702
Computer solution		-5,879,723	-1,454,604
Rights protection – rights delivery		-5,878,138	-16,218,162
Insurance		-4,728,904	-2,950,422
Other		-14,981,782	-11,322,724
Event-related expenses – accrued		-166,737,067	-151,113,444
Total event-related expenses		-253,966,135	-296,343,226
Event-related gross result		448,422,993	386,510,391
Other operating income	7	33,636,248	17,308,668
Development-related expenses	8	-140,459,168	-145,079,739
Personnel expenses	9	-49,373,245	-39,349,849
Transportation, travel and accommodation expenses		-21,370,827	-13,303,424
IT expenses		-7,316,786	-9,278,358
Depreciation and amortisation	18/19	-5,548,739	-5,446,045
Other operating expenses	10	-70,902,445	-34,967,500
Operating result before financial items		187,088,031	156,394,144
Financial income	11	3,603,688	11,980,330
Financial expenses	12	-32,251,798	-25,830,965
Result before taxes		158,439,921	142,543,509
Income taxes	13	-610,740	-1,026,311
Net result for the year		157,829,181	141,517,198

CONSOLIDATED BALANCE SHEET

in CHF	Note	31 December 2004	31 December 2003
Assets			
Cash and cash equivalents	14	301,034,935	341,147,295
Derivative financial assets	15	24,907	294,183
Receivables	16	32,612,158	66,812,178
Prepaid expenses and accrued income	17	395,651,016	223,045,982
Current assets		729,323,016	631,299,638
Property, plant and equipment	18	122,015,603	98,962,983
Intangible assets	19	5,280,000	5,940,000
Financial assets	20	148,135,129	108,982,298
Non-current assets		275,430,732	213,885,281
Total assets		1,004,753,748	845,184,920
Liabilities and equity			
Payables	21	24,952,164	30,151,166
Income tax liabilities		625,278	2,017,780
Interest-bearing liabilities	22	175,636,770	156,012,269
Derivative financial liabilities	15	53,856,088	48,640,943
Accrued expenses and deferred income	23	427,753,566	287,169,111
Current liabilities		682,823,866	523,991,269
Interest-bearing liabilities	22	83,096,923	226,000,297
Deferred tax liability	13	1,001,370	1,001,370
Non-current liabilities		84,098,293	227,001,667
Association capital		5,000,000	5,000,000
Hedging reserves		-4,102,733	10,086,843
Retained earnings/losses		79,105,141	-62,412,057
Net result for the year		157,829,181	141,517,198
Equity	25	237,831,589	94,191,984
Total liabilities and equity		1,004,753,748	845,184,920

CONSOLIDATED CASH FLOW STATEMENT

in CHF	Note	2004	2003
Net result for the year		157,829,181	141,517,198
Depreciation and amortisation		5,548,739	5,446,045
Non cash financial items		14,912,408	-13,959,262
Income tax expenses		610,740	1,026,311
(Increase) / decrease in receivables		34,200,020	44,359,462
(Increase) / decrease in prepaid expenses and accrued income		-172,605,034	-170,245,987
Increase / (decrease) in payables		-5,199,002	-41,653,326
Increase / (decrease) in derivative financial assets and liabilities		5,484,421	1,005,893
Increase / (decrease) in accrued expenses and deferred income		140,584,456	83,787,468
Increase / (decrease) in provisions		0	-7,440,043
Income tax paid		-2,003,242	-1,230,056
Net cash provided by operating activities		179,362,687	42,613,702
Purchase of property, plant and equipment	18	-27,941,359	-27,441,797
Investments in financial assets	20	-88,176,000	-62,100,000
Repayments and sale of financial assets	20	38,279,531	110,606,021
Interest received		3,388,929	2,739,830
Dividends received		1,769	1,512
Net cash (used) / provided by investing activities		-74,447,130	23,805,566
Proceeds from issuance of interest-bearing liabilities	22	0	116,556,718
Repayments of interest-bearing liabilities	22	-111,046,014	-159,665,004
Interest paid		-10,453,903	-13,114,878
Net cash used in financing activities		-121,499,917	-56,223,164
Net (decrease) / increase in cash and cash equivalents		-16,584,360	10,196,104
Cash and cash equivalents as at 1 January	14	341,147,295	360,762,641
Effect of exchange rate fluctuations		-23,528,000	-29,811,450
Cash and cash equivalents as at 31 December	14	301,034,935	341,147,295

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF	Association capital	Hedging reserve	Retained earnings/ losses	Total
Balance at 1 January 2003	5,000,000	42,354,000	-62,412,057	-15,058,057
Effective portion of changes in fair value of hedging instruments	0	-19,228,807	0	-19,228,807
Transferred to income statement	0	-13,038,350	0	-13,038,350
Foreign currency effect	0	0	0	0
Total recognised gains / losses	0	-32,267,157	0	-32,267,157
Net result for the year 2003	0	0	141,517,198	141,517,198
Balance at 31 December 2003	5,000,000	10,086,843	79,105,141	94,191,984
Effective portion of changes in fair value of hedging instruments	0	-6,833,576	0	-6,833,576
Transferred to income statement	0	-7,356,000	0	-7,356,000
Foreign currency effect	0	0	0	0
Total recognised gains / losses	0	-14,189,576	0	-14,189,576
Net result for the year 2004	0	0	157,829,181	157,829,181
Balance at 31 December 2004	5,000,000	-4,102,733	236,934,322	237,831,589

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

A. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Fédération Internationale de Football Association (FIFA), domiciled in Zurich, Switzerland is an international non-governmental, non-profit organisation in the form of an association according to Swiss law. FIFA consists of 205 associations composed of 6 confederations. FIFA's primary mission is to promote the game of association football in every way it deems fit, and FIFA uses its profit, reserves and funds in pursuit of its primary mission.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

B. BASIS OF PRESENTATION

The consolidated financial statements are presented in Swiss Francs (CHF) and are prepared on the historical cost basis, except that the following assets and liabilities are stated at fair value: derivative financial instruments and financial assets classified as "available-for-sale".

C. BASIS OF CONSOLIDATION

The term "FIFA" is hereafter also used for the consolidated Group, which represents FIFA and its subsidiaries.

Subsidiaries are those enterprises that are controlled by FIFA. Control exists when FIFA has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The individual subsidiaries included in this consolidation are shown in note 34.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

D. FOREIGN CURRENCY TRANSLATION

a) Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the values were determined.

b) Financial statements of foreign operations

For FIFA's foreign operations classified as a foreign entity, assets and liabilities including fair value adjustments arising on consolidation, are translated to Swiss francs at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Swiss Francs at the average foreign exchange rates of the period. Exchange differences arising on translation of foreign entities are recognised directly in equity.

The financial statements of a foreign operation that is integral to FIFA's operations, e.g. not classified as a separate foreign entity, are translated as if the transactions of the foreign operations had been those of FIFA itself.

Foreign exchange rates used are as follows:

	31 Dec 2004	Average 2004	31 Dec 2003	Average 2003
USD	1.1438	1.2525	1.2374	1.3450
EUR	1.5456	1.5527	1.5500	1.5150
GBP	2.1893	2.2785	2.2200	2.2008
JPY	1.1120	1.1617	1.1800	1.1567

E. INCOME STATEMENT

The consolidated income statement shows the following structure: event-related revenue, event-related expenses, other operating income, development-related expenses, and other expenses. This structure reflects FIFA's objectives to improve the game of football constantly and promote it globally, particularly through youth and development programmes. Event-related revenue and expenses are directly related with the organisation and realisation of the FIFA World Cup™ and Additional FIFA Events. For accounting purposes, FIFA defines Additional FIFA Events as all other football events, such as FIFA Women's World Cup, FIFA World Youth Championship, FIFA U-17 World Championship, FIFA U-19 Women's World Championship, Olympic Football Tournaments, FIFA Futsal World Championship, FIFA Confederations Cup, FIFA Club World Championship, etc.

F. REVENUE RECOGNITION

Event-related revenues primarily relate to the following sales of rights:

- Television broadcasting rights
- Marketing rights: use of the FIFA World Cup™ official emblem, the official mascots, perimeter board advertising by Official Partners
- Hospitality rights: commercial exploitation right in relation to the FIFA Hospitality Programme
- Licensing rights: use of the FIFA brand

Under these revenue generating contracts, FIFA receives royalties in the form of guaranteed minimum payments and sales-based additional payments (profit share).

Revenues directly related to the FIFA World Cup™ event are recognised in the income statement using the percentage of completion method, if they can be estimated reliably. The stage of completion of the FIFA World Cup™ event is assessed as incurred evenly over the project preparation period, which is four years. While this generally applies to guaranteed minimum payments, additional sales-based revenues (profit share) are included in the percentage of completion method, when the amount is probable and can be measured reliably.

Revenues relating to Additional FIFA Events are deferred during the preparation period and are recognised in the income statement when the event takes place.

G. EVENT-RELATED EXPENSES

Event-related expenses are the gross outflow of economic benefits that arises in the ordinary activity of organising an event.

Since FIFA organises the FIFA World Cup™ event over a period of four years, expenses relating to the event are recognised based on the stage of completion of the event, as determined for event-related revenue recognition purposes.

During the four-year preparation period, differences between event-related expenses recognised and event-related expenses incurred are disclosed in the income statement as event-related accrued expenses and deferred expenses respectively.

Expenses related to Additional FIFA Events are deferred during the preparation period, consistent with the treatment of related revenues, and are recognised in the income statement in the period the event takes place.

H. DEVELOPMENT-RELATED EXPENSES

FIFA gives financial assistance to associations and confederations in return for past or future compliance with certain conditions relating to their activities. During the current four-year period FIFA provides each association and confederation with funds under the "Financial Assistance Programme" (FAP). The programme "Goal" provides associations with special needs funding for tailor-made projects. The expenses are recorded in the income statement on a straight-line basis over the project period, once FIFA has approved the development programme.

For other development projects, such as the SOS Children's Village, Fair Play and programmes with the International Centre of Sport Studies (CIES) at the Swiss University of Neuchâtel etc., expenses are recognised as incurred.

I. OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the respective lease.

J. FINANCIAL EXPENSES AND FINANCIAL INCOME

Financial income comprises interest income from interest-bearing receivables and debt securities, dividend income, foreign exchange gains from financing and investing activities, gains on derivatives that are not accounted for as hedging instruments, and gains arising from a change in the fair value of available-for-sale and trading financial assets. Financial expenses consist of interest on financial liabilities, foreign exchange losses from financing and investing activities, losses on derivatives not accounted for as hedging instruments, and losses arising from a change in the fair value of available-for-sale and trading financial assets.

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the dividend is declared. Borrowing costs are not capitalised.

K. INCOME TAXES

FIFA has been established in the legal form of an association pursuant to the articles 60 et seq. of the Swiss Civil Code. Pursuant to art. 2 of its Statutes, FIFA shall improve the game of football constantly and promote it globally, particularly through youth and development programmes. FIFA is a non-profit organisation and is obliged to spend its profits, reserves and funds for this purpose.

Income tax recognised in the income statement comprises current tax and deferred tax.

FIFA is taxed in Switzerland according to the ordinary taxation rules applying to associations. Thereby, the non-profit character of FIFA and the four year accounting cycle are taken into account. FIFA Marketing & TV AG, a consolidated group company, is taxed in Switzerland according to the rules applying to corporations. The other subsidiaries are also taxed according to the relevant tax legislation.

Current tax is the expected tax payable on the taxable income for the year using ordinary tax rates applicable to an association or a corporation, respectively.

L. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, post- and bank accounts, as well as short term deposits with an original maturity of 90 days or less.

M. DERIVATIVES

FIFA uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating and financing activities. FIFA does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at cost. Subsequent to initial recognition all derivatives are stated at fair value. Gains and losses on remeasurement of derivatives that do not qualify for hedge accounting are recognised in the income statement immediately.

The fair value of interest rate swaps is the calculated amount that FIFA would receive or pay to terminate the swap at the balance sheet date. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

N. HEDGING

Where a derivative financial instrument hedges the exposure to variability in future cash flows of FIFA commitments or highly probable forecasted transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in the hedging reserve as part of equity. The ineffective part of any gain or loss is recognised in the income statement immediately. The same accounting treatment applies to cash balances and other monetary assets and liabilities denominated in foreign currencies and designated as hedging instruments to hedge the variability in cash flows of firm commitments or highly probable forecasted transactions, caused by foreign exchange rate fluctuations.

The cumulative gain or loss recognised in equity is transferred to the income statement at the same time that the hedged transaction affects net profit or loss, and is included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recorded in equity is recognised in the income statement immediately.

O. RECEIVABLES

Receivables from sale of rights and other receivables are stated at their cost less any allowance for doubtful debts. Allowances are made for specific known doubtful receivables.

Accounts receivable and payable are offset and the net amount is reported in the balance sheet, when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

P. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent expenditure is capitalised only when it increases the expected future economic benefits from the asset. All other expenditure is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	20–40 years
Leasehold improvements	5 years
Office and other equipment	2–5 years

Q. INTANGIBLE ASSETS

Intangible assets acquired by FIFA are stated at acquisition cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Software	3 years
Film archive	10 years

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

R. FINANCIAL ASSETS

Financial assets comprise debt securities, equity securities and other receivables.

Classification

Originated loans and receivables are loans and receivables created by FIFA when providing money or services to third parties.

Available-for-sale investments are investments that are held neither for trading nor to maturity. Available-for-sale instruments include debt and equity investments.

Recognition and measurement

FIFA recognises marketable securities and other investments at cost, including transaction costs, on settlement date (the date they are transferred to FIFA). Loans and receivables are recognised when FIFA becomes a party to the respective contract and has a legal right to receive cash or other considerations.

Subsequent to initial recognition, all available-for-sale investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and for which fair value cannot be reliably measured is stated at cost less impairment losses.

Originated loans and receivables are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related asset and amortised based on the effective interest rate of the instrument. Allowances are made for specific known doubtful loans and receivables.

Gains and losses on subsequent measurement

Gains and losses arising from changes in the fair value of an available-for-sale financial asset as well as any impairment losses are recognised in the income statement.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

S. IMPAIRMENT

The carrying amounts of FIFA's property, plant and equipment, intangible assets, loans and other investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount, being the greater of its net selling price and its value in use, is estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds the respective recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

T. PAYABLES

Payables are stated at cost.

U. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the borrowing term on an effective interest basis.

V. EMPLOYEE BENEFIT OBLIGATIONS

FIFA has established a retirement benefit plan for all its employees, which is maintained by "Winterthur-Columna Stiftung für berufliche Vorsorge". The plan is funded by employee and employer contributions and has certain defined benefit characteristics. Accordingly, the plan is accounted for as a defined benefit plan. The financial impact of this plan on the consolidated financial statements is determined based on the projected unit credit method.

Any pension surplus is only recognised as an asset if the asset embodies future economic benefits that are actually available to FIFA in the form of refunds or reductions in future employer contributions.

Actuarial gains and losses arising from the periodical reassessments are recognised to the extent that they decrease or increase a pension deficit or pension surplus respectively, if and to the extent that they exceed 10% of the higher of the projected benefit obligation and the fair value of plan assets. The amount exceeding this "corridor" is amortised over the expected average remaining working lives of the employees participating in the plan.

W. PROVISIONS

A provision is recognised when FIFA has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

X. EQUITY

Equity consists of association capital, retained earnings/losses, as well as hedging reserves and foreign currency translation gains/losses. FIFA is an association, therefore no dividends are paid.

In the event of the dissolution of FIFA, its funds are not distributed, but are transferred to the supreme court of the country in which the headquarter is situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in CHF	2004	2003
Revenue from television broadcasting rights – 2006 FIFA World Cup™		
- USA	36,056,115	50,588,791
- Europe	187,500,000	187,500,000
- Rest of the World	180,697,162	183,839,285
Total revenue from television broadcasting rights – 2006 FIFA World Cup™	404,253,277	421,928,076
Revenue from television broadcasting rights – Additional FIFA Events	6,581,337	6,208,004
Total revenue from television broadcasting rights	410,834,614	428,136,080

The revenue from the territory USA contains the 2006 FIFA World Cup™ as well as Additional FIFA Events related revenue. The television broadcasting rights in this territory are sold in a package, including the FIFA World Cup™ and Additional FIFA Events. FIFA is not in a position to allocate the revenue to the corresponding event. Therefore, the full amount is classified as revenue relating to the 2006 FIFA World Cup™.

Due to the decrease of the US Dollar currency, income from the USA decreased correspondingly.

Revenue from television broadcasting rights of the 2006 FIFA World Cup™ included CHF 57,170,130 (2003: CHF 138,762,999) due to the application of the percentage of completion method for the year 2004. The accumulated accrual over the period as at 31 December 2004 amounts to CHF 195,933,129 (2003: CHF 138,762,999).

2 REVENUE FROM MARKETING RIGHTS

in CHF	2004	2003
2006 FIFA World Cup™	172,403,505	174,268,629
Additional FIFA Events	0	139,000
Total revenue from marketing rights	172,403,505	174,407,629

The revenue in 2004 from marketing rights included CHF 30,053,497 (2003: CHF 47,363,807) accrued income due to the percentage of completion method. The accumulated accrual as at 31 December 2004 amounts to CHF 17,310,310 (2003: CHF 47,363,807).

3 REVENUE FROM LICENSING RIGHTS

in CHF	2004	2003
2006 FIFA World Cup™	13,223,134	11,797,857
Additional FIFA Events	60,997	170,452
Total revenue from licensing rights	13,284,131	11,968,309

The revenue in 2004 from licensing rights included CHF 6,761,093 (2003: CHF 1,719,028) accrued income due to the percentage of completion method. The accumulated accrual as at 31 December 2004 amounts to CHF 5,042,065 (2003: CHF 1,719,028).

4 REVENUE FROM HOSPITALITY RIGHTS

in CHF	2004	2003
2006 FIFA World Cup™	65,000,000	65,000,000
Additional FIFA Events	0	152,827
Total revenue from hospitality rights	65,000,000	65,152,827

Another important financial element of the 2006 FIFA World Cup™ is the hospitality programme. This involves the sale of VIP packages, i.e. tickets linked to special services, such as catering in the stadiums. This programme allows FIFA to finance the funding of the amount of CHF 250 million for the German Organising Committee. In 2003, FIFA appointed International Sports & Entertainment AG (iSe) as the servicer of the hospitality programme. In return, iSe provided FIFA a minimum payment guarantee in the amount of CHF 270 million.

The revenue in 2004 from hospitality rights included CHF 65 million (2003: CHF 65 million) accrued due to the percentage of completion method. The accumulated accrual as at 31 December 2004 amounts to CHF 130 million (2003: CHF 65 million).

On 3 January 2005, FIFA has received, according to the contractual payment schedule, CHF 270 million from iSe.

5 OTHER EVENT-RELATED REVENUE

in CHF	2004	2003
Accommodation and Ticketing for 2006 FIFA World Cup™	15,456,000	0
Revenue from the Olympic Games Athens 2004	14,872,959	0
Match levies	3,324,929	2,589,196
Other	7,212,990	599,576
Total other event-related revenue	40,866,878	3,188,772

The revenue from accommodation and ticketing for the 2006 FIFA World Cup™ reflects the accrued income derived from the second amendment agreement to the organising association agreement signed in July 2004. The revenue from the Olympic Games Athens 2004 is the allocated portion distributed from the IOC to FIFA.

6 EVENT-RELATED EXPENSES

in CHF	2004	2003
2006 FIFA World Cup™	223,303,799	225,905,189
Additional FIFA Events	30,662,336	70,438,037
Total event-related expenses	253,966,135	296,343,226

Expenses related to the 2006 FIFA World Cup™

in CHF	2004	2003
Compensation for teams & participants	13,475,975	4,068,600
Contributions to the German Organising Committee	20,000,000	55,000,000
Information technology	5,299,493	842,296
Rights protection – rights delivery	4,528,543	8,031,494
Insurance expenses	4,728,904	2,950,422
Other	12,351,006	3,898,933
Event-related expenses – accrued	162,919,878	151,113,444
Total expenses related to the 2006 FIFA World Cup™	223,303,799	225,905,189

For the year ended 31 December 2004, the event-related expenses for the 2006 FIFA World Cup™ of CHF 223.3 million mainly consist of CHF 162.9 million event-related expenses accrued. These accruals are calculated according to the stage of completion of the FIFA World Cup™ event on the basis of the adjusted overall budgeted costs of CHF 869 million for the 2006 FIFA World Cup™. The original cost frame of CHF 621 million was approved at the 2002 Ordinary Congress in Seoul and has been increased by CHF 250 million to CHF 871 million when it was decided to pre-finance the contribution to the German Organising Committee. Further, the costs for the 2006 FIFA World Cup™ had to be adjusted by the decision taken by the FIFA Executive Committee on 6 October 2004 to increase the price money from CHF 250 million to CHF 300 million. On the other hand the reductions achieved by revising budgeted figures resulted in a new estimate for the 2006 FIFA World Cup™ cost of CHF 869 million. The adjustments are reflected accordingly in the 2006 budget (refer to the accounting policy: F. Revenue recognition and G. Event-related expenses).

Expenses related to Additional FIFA Events

in CHF	2004	2003
Olympic Football Tournaments Athens 2004	12,332,115	0
FIFA U-19 Women's World Championship Thailand 2004	7,390,971	0
FIFA Futsal World Championship Chinese Taipei 2004	8,309,135	0
FIFA Confederations Cup France 2003	0	28,345,757
FIFA World Youth Championship UAE 2003	0	13,527,585
FIFA Women's World Cup USA 2003	0	12,920,135
FIFA U-17 World Championship Finland 2003	0	7,716,506
Blue Stars / FIFA Youth Cup	555,565	541,402
Other events	2,074,550	7,386,652
Total expenses related to Additional FIFA Events	30,662,336	70,438,037

The Olympic Football Tournaments were held in August 2004 in Athens, the FIFA U-19 Women's World Championship was held in November 2004 in Thailand, the FIFA Futsal World Championship was held in November/December 2004 in Chinese Taipei. The remaining expenses of CHF 2.1 million relate to late charges for events which took place in previous years.

7 OTHER OPERATING INCOME

in CHF	2004	2003
Brand licensing	20,048,696	5,581,517
Quality concept	5,953,047	5,784,895
Rental income	626,971	813,610
Penalties / appeals	2,896,867	513,634
Income from sale of film and video rights	1,283,009	292,485
Commissions	764,587	705,411
Other	2,063,071	3,617,116
Total other operating income	33,636,248	17,308,668

Brand licensing includes proceeds from an agreement with adidas on supply of equipment amounting to CHF 10 million reflecting respective payments according to the renewal of the agreement for the period 2003 - 2006.

8 DEVELOPMENT-RELATED EXPENSES

in CHF	2004	2003
Financial Assistance Programme (FAP)	79,761,043	80,928,477
<i>Goal</i>	25,000,000	25,000,000
Contributions to confederations	22,771,500	24,876,000
e-FIFA support to associations	0	1,705,339
Other projects	12,926,625	12,569,923
Total development-related expenses	140,459,168	145,079,739

FAP and contributions to confederations

FAP is a financial aid programme, according to which USD 1 million are to be granted to each association and USD 10 million to each confederation over the current four-year period preceding the 2006 FIFA World Cup™, to improve their administrative and technical infrastructure (see accounting policy: H. Development-related expenses).

FIFA grants the assistance for projects, which comply with the following objectives:

- Developing and implementing a modern, efficient and functional administrative or sports infrastructure;
- Facilitating the recruitment, training and remuneration of administrative and technical staff employed by the association;
- Promoting youth football;
- Basic and further training of association staff and members, as well as others seconded to the associations for administrative and technical duties;
- Promoting technical and sports development;
- Supporting associations in arranging and taking part in official football competitions.

The total annual FAP awards amount to USD 51 million for the year 2004.

Goal

Goal is a development programme created by FIFA for the benefit of associations with special needs. *Goal* offers funding for projects tailor-made to suit the individual needs of the associations in the following areas:

- Administration: the setup of the national and regional association, such as staff and office equipment.
- Training: administration, coaching, refereeing, sports medicine.
- Youth football: training youth team coaches, regional and national youth training centres and football schools, talent promotion.
- Infrastructure: the renovation and construction of football pitches, physical training and tuition centres, office buildings.
- Other tailor-made development projects: projects catering to other specific needs of associations may also be considered if deemed appropriate.

The maximum amount that can be awarded per project is limited to USD 400,000. As at 31 December 2004, funds committed but not yet paid under the *Goal* projects amounted to CHF 38.7 million, of which CHF 1.5 million relate to the previous period (1999–2002). These commitments are recognised and stated under accrued expenses.

Other projects

Other contributions include mainly contributions to the technical development efforts made by FIFA, such as the SOS Children's Village, Humanitarian Support Fund, Courses, CIES, Daniel Nivel Foundation, Com-Unity, F-MARC, UNICEF, Refereeing.

CIES

Together with the International Centre of Sport Studies (CIES) at the Swiss University of Neuchâtel, FIFA set up two special programmes: a programme for a Masters degree in the Business, Law and Humanities of Sports and a scholarship ("Havelange Scholarship").

in CHF

Annual grant to CIES, University of Neuchâtel	500,000
Term: 8 May 1995–2005 (10 years)	
To review and renew after 10 years	
Annual contribution to the Masters degree programme of CIES	350,000
University of Neuchâtel	
Term: October 2000–October 2005	

9 PERSONNEL EXPENSES

in CHF	2004	2003
Wages and salaries	31,788,228	27,098,641
Pension expenses	4,966,493	2,408,180
Other employee benefit costs	4,844,889	3,180,635
Other	7,773,635	6,662,393
Total personnel expenses	49,373,245	39,349,849

The average number of employees during the year ended 31 December 2004 was 240 (2003: 223).

FIFA's increase in personnel expenses relates on one hand to the slightly increased average number of employees and on the other hand to the centennial bonus for all employees. The increase of pension expenses reflects mainly the integration payment to merge and adapt the pension fund of FIFA Marketing & TV AG into FIFA's overall pension plan (Winterthur-Columna Stiftung für berufliche Vorsorge). The plans are funded by employee and employer contributions. Since the plans have certain defined benefit characteristics, the figures presented below have been determined according to the defined benefit plan accounting provisions of IAS 19.

Components of pension expenses

in CHF	2004	2003
Current service cost	3,605,523	3,417,826
Interest on obligation	1,074,473	965,078
Expected return on plan assets	-785,107	-1,012,611
Unrecognised employer contributions	2,400,000	237,887
Subtotal	6,294,889	3,608,180
Contributions by employees	-1,328,396	-1,200,000
Total pension expense	4,966,493	2,408,180

Funded status

in CHF	2004	2003
Present value of funded obligations (PBO)	27,588,786	26,861,813
Fair value of plan assets	-38,861,611	-34,893,664
Unrecognised actuarial gains	7,262,740	1,654,735
Unrecognised pension fund surplus	4,010,085	6,377,116
Recognised pension liability / (asset)	0	0

The actual annual return on plan assets for the year ended 31 December 2004 amounted to CHF 682,000 (2003: CHF 899,027)

As the pension fund surplus is not available to FIFA in the form of refunds or reductions in future employer contributions, no pension asset has been recognised as at the balance sheet date.

Principal actuarial assumptions

	31 December 2004	31 December 2003
Discount rate	4.00%	4.00%
Expected rate of return on plan assets	2.25%	3.25%
Future salary increases	1.00%	1.00%
Future pension increases	1.00%	1.00%

10 OTHER OPERATING EXPENSES

in CHF	2004	2003
External consultancy expenses	9,509,598	11,571,241
Event consultancy expenses	14,163,408	2,577,731
Legal expenses and consultancy	11,972,086	1,608,014
New Media expenses and consultancy	4,736,587	89,322
Rent of property	3,951,797	4,408,559
Office equipment and telecommunication costs	4,243,487	4,616,505
PR & promotional costs	5,397,376	2,161,963
Other	16,928,106	7,934,165
Total Other operating expenses	70,902,445	34,967,500

The increase in the event consultancy expenses relate mainly to the various activities in connection with the FIFA Centennial events all over the world. The work out of FIFA's future marketing strategy as well as the settlement with STM (Sports Target Media) of CHF 4,175,000 are mainly responsible for the increase of FIFA's legal/consultancy expenses.

11 FINANCIAL INCOME

in CHF	2004	2003
Interest income	3,388,929	3,042,372
Foreign exchange gains	177,102	496,329
Gains on currency derivatives	0	7,035,017
Total foreign currency gains	177,102	7,531,346
Dividend income	1,769	1,512
Unrealised gains on available-for-sale investments	35,888	1,405,100
Total income from investments	37,657	1,406,612
Total financial income	3,603,688	11,980,330

12 FINANCIAL EXPENSES

in CHF	2004	2003
Interest expense on loans and mortgages	10,453,903	14,765,953
Loss on interest rate derivatives	269,276	641,952
Total interest expense	10,723,179	15,407,905
Foreign exchange Loss	18,575,460	10,423,060
Loss on currency derivatives	2,953,159	0
Total foreign currency Loss	21,528,619	10,423,060
Total financial expenses	32,251,798	25,830,965

The interest cost reflects principally the interest paid on the Footfin funding loan (CHF 9.1 million) and FIFA's mortgage loans (CHF 1.3 million). The foreign exchange losses result mainly from the valuation of the USD current assets due to the lower USD/CHF exchange rate.

13 INCOME TAXES

in CHF	2004	2003
Current tax expense	610,740	1,196,141
Deferred tax expense	0	-169,830
Total income tax expense	610,740	1,026,311

There were no income taxes directly recognised in equity.

FIFA is taxed based on the Swiss taxation rules for association.

FIFA has a deferred tax liability due to the temporary difference arising from the valuation difference between the tax value and the IFRS carrying amount of FIFA's properties (property gain taxes). These deferred tax liabilities amounted to CHF 1.0 million as at 31 December 2004, as in the previous year.

Because FIFA is a non-profit organisation and is obliged to spend its profits reserves and funds for the development of football and because of the four-year accounting cycle, the yearly results may not be assessed on a stand alone basis. Therefore, an effective tax rate reconciliation to consolidated profits before taxes would not be meaningful. Consequently, this calculation has not been carried out. There are no tax loss carry forwards.

NOTES TO THE CONSOLIDATED BALANCE SHEET

14 CASH AND CASH EQUIVALENTS

in CHF	weighted average interest rate	31 Dec 2004	31 Dec 2003
Cash on hand, post and in bank accounts	0.04%	33,322,867	33,946,094
Overnight deposits and fixed term deposits with maturities up to 3 months	2.17%	267,712,068	307,201,201
Cash and cash equivalents		301,034,935	341,147,295

The fixed term deposits have an average maturity of 21.5 days.

UBS AG, Zurich has guaranteed an amount of CHF 670,000 towards IATA, Klotten on behalf of FIFA Travel GmbH for security services rendered by IATA. Conversely, FIFA has pledged an amount of CHF 673,084 of its cash balances to UBS in relation to this guarantee.

To a large extent cash and cash equivalents are denominated in USD (refer to note 26). As a result of the decreased USD/CHF exchange rate during 2004, FIFA incurred net foreign exchange losses on cash and cash equivalents. To the extent that such foreign exchange gains and losses qualify for hedge accounting under effective cash flow hedges, they are directly recognised in equity. The remaining foreign exchange gains and losses are recognised as financial income and expense respectively.

15 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

in CHF	31 Dec 2004			31 Dec 2003		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Fair value Hedges						
- Interest rate swap	24,907		188,689,283	294,183	0	312,012,297
Cash flow hedges						
- Foreign currency options (USD)		20,291,161	50,000,000	0	15,500,985	50,000,000
- Forward rate agreements (USD)		22,884,700	69,245,000	0	29,709,139	120,075,000
Other derivative financial instruments						
- Foreign currency put options (USD)		10,680,228	100,000,000	0	3,430,819	50,000,000
Total	24,907	53,856,089		294,183	48,640,943	

These hedging contracts are further described in note 26.

16 RECEIVABLES

in CHF	31 Dec 2004	31 Dec 2003
Receivables from exploitation of rights	12,469,277	13,144,611
Other receivables		
- due from national associations and confederations	14,804,963	16,108,344
- due from related parties	46,562	10,536
- due from third parties	4,386,356	36,641,187
Fixed term deposits with bank with maturity greater than 3 months	805,000	805,000
Short term loans		
- due from third parties	100,000	100,000
- due from related parties	0	2,500
Total receivables, net	32,612,158	66,812,178

As at 31 December 2004, receivables from exploitation of rights comprise mainly receivables derived from the amendment agreement signed in June 2003 with FIFA's TV partner, Infront Sports & Media AG, in the amount of CHF 9.3 million. As per 31 December 2004 there were no receivables (2003: CHF 6.6 million) due from the sale of marketing rights to Official FIFA Partners, which serve as collateral in the securitisation transaction.

The other receivables due from third parties are ordinary operating receivables.

FIFA Marketing & TV AG has pledged a term deposit with Credit Suisse in the amount of CHF 805,000 as a guarantee for office rent at Grafenauweg 2 in Zug.

17 PREPAID EXPENSES AND ACCRUED INCOME

in CHF	Note	31 December 2004	31 December 2003
Revenue from television broadcasting rights (POC accrual)	1	195,933,129	138,762,999
Revenue from licensing rights (POC accrual)	3	5,042,065	0
Revenue from hospitality rights (POC accrual)	4	130,000,000	65,000,000
Revenue from Accommodation and Ticketing (POC accrual)	5	15,456,000	0
Prepayments to the South African Organising Committee		22,876,000	0
Prepaid expenses for Additional FIFA Events		17,526,786	4,961,315
Cancellation insurance		0	8,984,712
Other		8,817,036	5,336,956
Total prepaid expenses and accrued income		395,651,016	223,045,982

Based on a decision taken by the Executive Committee on 6 October 2004, FIFA provided a seed capital to finance the activities of the South African Organising Committee for the organisation of the 2010 FIFA World Cup™ in the amount of CHF 22,876,000 (USD 20 million).

18 PROPERTY, PLANT AND EQUIPMENT

in CHF	Buildings	Buildings under construction	Land	Leashold improvements	Office and other equipment	Total
Cost						
Balance as at 1 January 2003	65,806,079	0	6,862,500	460,500	6,745,657	79,874,736
Acquisitions	5,854,186	6,719,481	14,533,092	0	335,038	27,441,797
Disposals	0	0	0	0	-98,307	-98,307
Balance as at 31 Dec 2003	71,660,265	6,719,481	21,395,592	460,500	6,982,388	107,218,226
Accumulated depreciation						
Balance as at 1 January 2003	0	0	0	-145,825	-3,466,140	-3,611,965
Depreciation charge for the year	-3,487,468	0	0	-92,100	-1,162,017	-4,741,585
Disposals	0	0	0	0	98,307	98,307
Balance as at 31 Dec 2003	-3,487,468	0	0	-237,925	-4,529,850	-8,255,243
Carrying amount						
As at 1 January 2003	65,806,079	0	6,862,500	314,675	3,279,517	76,262,771
As at 31 December 2003	68,172,797	6,719,481	21,395,592	222,575	2,452,538	98,962,983
Cost						
Balance as at 1 January 2004	71,660,265	6,719,481	21,395,592	460,500	6,982,388	107,218,226
Acquisitions	0	27,915,696	25,662	0	0	27,941,358
Disposals	0	0	0	0	0	0
Balance as at 31 Dec 2004	71,660,265	34,635,177	21,421,254	460,500	6,982,388	135,159,584
Accumulated depreciation						
Balance as at 1 January 2004	-3,487,468	0	0	-237,925	-4,529,850	-8,255,243
Depreciation charge for the year	-3,585,048	0	0	-100,000	-1,203,690	-4,888,738
Disposals	0	0	0	0	0	0
Balance as at 31 Dec 2004	-7,072,516	0	0	-337,925	-5,733,540	-13,143,981
Carrying amount						
As at 1 January 2004	68,172,797	6,719,481	21,395,592	222,575	2,452,538	98,962,983
As at 31 December 2004	64,587,749	34,635,177	21,421,254	122,575	1,248,848	122,015,603

The acquisitions made in 2003 and 2004 relate mainly to the construction costs for the "Home of FIFA", the new FIFA headquarter in Zurich. The opening of the new "Home of FIFA" is planned for end of April 2006.

Mortgage loans amounting to CHF 45 million are secured by land and buildings pledged, with a carrying amount of CHF 59,262,324.

The fire insurance value amounts to CHF 57,892,500 for buildings and CHF 17,300,000 for office and other equipment.

19 INTANGIBLE ASSETS

in CHF	Software	Footage archive	Total
Cost			
Balance as at 1 January 2003	77,020	6,600,000	6,677,020
Balance as at 31 December 2003	77,020	6,600,000	6,677,020
Accumulated amortisation			
Balance as at 1 January 2003	-32,560	0	-32,560
Amortisation charge for the year	-44,460	-660,000	-704,460
Balance as at 31 December 2003	-77,020	-660,000	-737,020
Carrying amount			
As at 1 January 2003	44,460	6,600,000	6,644,460
As at 31 December 2003	0	5,940,000	5,940,000
Cost			
Balance as at 1 January 2004	77,020	6,600,000	6,677,020
Balance as at 31 December 2004	77,020	6,600,000	6,677,020
Accumulated amortisation			
Balance as at 1 January 2004	-77,020	-660,000	-737,020
Amortisation charge for the year	0	-660,000	-660,000
Balance as at 31 December 2004	-77,020	-1,320,000	-1,397,020
Carrying amount			
As at 1 January 2004	0	5,940,000	5,940,000
As at 31 December 2004	0	5,280,000	5,280,000

20 FINANCIAL ASSETS

in CHF	31 Dec 2004	31 Dec 2003
Other receivables	10,064,500	9,651,467
Debt securities	137,564,000	98,860,090
Equity securities	185,360	140,865
Other	321,269	329,876
Total financial assets	148,135,129	108,982,298

Other receivables comprise a receivable due from a broadcast partner of CHF 10.1 million due to the settlement and restatement agreement with Infront Sports & Media AG signed in May 2004. The receivable is recognised at its present value. Last year's receivable of CHF 9.6 million due from Infront Sports & Media AG formed also part of the above mentioned settlement and has been offset in full.

Debt securities include an investment in EURO medium-term notes. Interest payments are due at the redemption of these notes in 2007.

In 2004, FIFA increased its investments in capital protected participations and capital guaranteed participations, which are considered structured investments similar to debt securities that limit FIFA's risks of fair value losses, but offers FIFA the chance of market value appreciation of the investment. Interest payments are due at the redemption of the investment in 2010, 2011 and 2012, respectively.

All debt securities and equity securities are classified as available-for-sale and accordingly, are stated at fair value.

21 PAYABLES

in CHF	31 Dec 2004	31 Dec 2003
Other payables		
- due to related parties	254,065	1,472,154
- due to national associations and confederations	7,086,336	15,413,484
- VAT payable	7,304,722	695,982
- due to third parties	10,307,040	12,569,546
Total payables	24,952,164	30,151,166

Other payables due to third parties consist only of ordinary operating payables.

22 INTEREST-BEARING LIABILITIES

in CHF	31 December 2004	31 December 2003
Current:		
Bank overdrafts	44,410	269
Short term bank loan	25,000,000	25,000,000
Liability from securitisation transaction towards third party investors	150,592,360	131,012,000
Total current interest-bearing liabilities	175,636,770	156,012,269
Non-current:		
Liability from securitisation transaction towards third party investors	38,096,923	181,000,297
Mortgage loans	45,000,000	45,000,000
Total non-current interest-bearing liabilities	83,096,923	226,000,297
Total interest-bearing liabilities	258,733,693	382,012,566

In 2001, FIFA issued a Floating Rate Note (Libor + 0.9 %) of CHF 690 million through its special purpose vehicle "SPV" Footfin (Football Finance) AG. The note is secured by certain future cash flows amounting to CHF 888 million generated by FIFA from the granting of marketing rights packages to Official Partners for FIFA organised events during the quadrennial periods ending with each of the 2002 and 2006 FIFA World Cup™. Until 2003, the note was redeemed by way of direct payments from the Official Partners to Footfin (Football Finance) AG.

In October 2003, the redemption schedule of the note was changed. This resulted from the fact that FIFA entered into agreements with Official Partners earlier than initially expected. Allowing FIFA to take out additional liquidity in the amount of USD 69.4 million or CHF 91.6 million under the same transaction.

Terms and debt repayment schedule

in CHF	Weighted average Interest rate	Total	1 year or less	1 – 5 years
Loans:				
Short term loans	2.064%	25,000,000	25,000,000	0
Liability from securitisation transaction towards third party investors (variable interest at Libor +0.9%)	2.272%	188,689,283	150,592,360	38,096,923
Total loans	2.248%	213,689,283	175,592,360	38,096,923
Mortgage loans	3.088%	45,000,000	0	45,000,000
Total		258,689,283	175,592,360	83,096,923

The mortgage loans are secured by land and buildings with a carrying amount of CHF 59,262,324.

23 ACCRUED EXPENSES AND DEFERRED INCOME

in CHF	Note	31 December 2004	31 December 2003
Accrued expenses due to application of the percentage of completion method	6	314,033,322	151,113,444
Deferred revenue from marketing rights	2	17,310,310	47,363,807
Deferred revenue from licensing rights	3	0	1,719,028
Financial Assistance Programme (FAP) / <i>Goal</i>	8	71,940,147	69,213,752
Other		24,469,787	17,759,080
Total accrued expenses and deferred income		427,753,566	287,169,111

24 PROVISIONS

in CHF	Value added taxes	Other	Total
Balance as at 1 January 2003	6,000,000	1,440,043	7,440,043
Provisions used during the year	-6,000,000	-1,415,000	-7,415,000
Provisions reversed during the year	0	-25,043	-25,043
Balance as at 31 December 2003	0	0	0
Balance as at 1 January 2004	0	0	0
Provisions used during the year	0	0	0
Provisions reversed during the year	0	0	0
Balance as at 31 December 2004	0	0	0

There are no legal or constructive obligations which qualify for establishing respective provisions.

25 EQUITY

Association capital

The Association capital is CHF 5 million.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

OTHER DISCLOSURES

26 RISK MANAGEMENT AND HEDGING ACTIVITIES

Exposure to currency, interest as well as credit and liquidity risks arises in the normal course of FIFA's operations. Derivative financial instruments are used to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. While these instruments are subject to the risk of market rate fluctuations subsequent to acquisition, such fluctuations are generally offset by opposite effects on the items being hedged.

Credit risk

FIFA sells the licence to exploit the radio and television rights as well as marketing rights of the FIFA World Cup™ event to Infront Sports & Media AG and to Official Partners, respectively.

The Official Partner Agreements are made with partners which are large multinational groups. Additionally, the contracts include a default clause, whereby the contract would terminate as soon as one party is in default. In case of a default of an Official Partner, FIFA is not required to reimburse any services and contributions received. FIFA is also allowed to replace terminated contracts by new marketing or broadcasting agreements.

Management monitors the credit standing of its marketing and broadcasting partners very closely on an ongoing basis. Given their good credit ratings, management does not expect any counter party to fail to meet its obligation.

Investments and derivative financial instruments are executed only with counter parties with high credit ratings.

Interest rate risk

Exposure to interest rate risks arises mainly from FIFA financing transactions.

FIFA entered into an interest rate swap to limit its interest rate risk exposure related to the liability from the securitisation transaction towards third party investors ("Funding Loan"). The interest rate swap has a rate of 6%, matures over the next four years following the maturity of the related funding loan and has a notional contract amount of CHF 189 million. (2003: CHF 312 million). The fair value of the interest rate swap as at 31 December 2004 is CHF 24,907 (2003: CHF 294,183).

FIFA has several mortgage loans, some with fixed interest rates, some floating rates and others with an interest rate cap.

Additionally, FIFA is exposed to fluctuations in interest rates on its short-term placements in fixed term deposits and mid-term investments in global money market funds.

Foreign currency risk

Exposure to foreign currency exchange rates arises from transactions denominated in currencies other than FIFA's functional currency, which is the Swiss Franc. FIFA incurs foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in USD, as well as foreign currency cash outflows such as certain event-related expenses and expenses for development projects.

FIFA uses forward exchange contracts and currency options to hedge certain foreign currency risk. Options limit the risk of losses from fluctuations in exchange rates.

FIFA also designates cash and cash equivalents denominated in USD as hedging instruments for the foreign currency risk of specified expenses in the current four-year period preceding the 2006 FIFA World Cup™.

Additionally, the "Funding Loan" denominated in USD is designated as hedging instrument for future USD receivables from the exploitation of marketing rights.

Foreign currency risk

in CHF	Nominal value	Hedging reserve*	Expected period of recognition in income
Foreign currency hedging instruments (cash flow hedge)			
- "Funding Loan" denominated in USD	188,689,283	36,965,476	2005–2006
- Foreign currency options denominated in USD	50,000,000	-11,336,809	2005–2006
- Cash denominated in USD	122,000,000	-29,731,400	2005–2006
Total		-4,102,733	

* Amounts to be recognised in income when the forecasted transaction occurs

The following table shows the balance sheet positions as at 31 December 2004, which are denominated in a foreign currency.

in CHF thousand	USD	EUR	GBP
Cash and cash equivalents	285,742	429	136
Derivatives	25	0	0
Receivables	28,926	1,713	304
Prepaid expenses	22,876	0	0
Financial assets	115,295	23,184	0
Total assets denominated in foreign currency	452,864	25,326	440
Payables	2,166	2,095	281
Current interest-bearing liabilities	150,592	0	0
Derivatives	22,885	0	0
Accrued expenses and deferred income	14,681	0	0
Non-current interest-bearing liabilities	38,097	0	0
Total liabilities denominated in foreign currency	228,421	2,095	281

Liquidity risk

Material liquidity risks could potentially arise if Infront Sports & Media AG or several of FIFA's Official Partners were unable to meet their contractual obligations and if FIFA was unable to find replacement in due time.

27 LEGAL MATTERS AND CONTINGENT LIABILITIES

Traffic sports International Inc. (Traffic), a BVI company, initiated arbitration proceedings against FIFA and requested that FIFA give back an instalment of USD 21 million it had received from Traffic, in anticipation of the FIFA Club™ World Championship 2001. In addition, Traffic requested the payment of damages from FIFA. On 19 September 2003, the Arbitral Tribunal rejected Traffic's claim and decided that FIFA was entitled to keep the amount of USD 21 million and that FIFA was not obliged to pay any damages. Quite to the contrary, the Arbitral Tribunal admitted FIFA's counter claim in an amount still to be determined. FIFA's recovery of an additional sum will depend on its ability to substantiate its damages and on Traffic's financial standing.

There are no other material legal matters or information to be disclosed.

28 CAPITAL COMMITMENTS

As at 31 December 2004, FIFA had no capital commitments.

29 CONTINGENT REVENUE

FIFA negotiated with Infront Sports & Media AG the following contingent revenue:

- If the revenue from the exploitation of the radio and television broadcasting rights of the FIFA World Cup™ event exceeds the guaranteed minimum payments, FIFA is eligible for 50% of the exceeding revenue less certain predetermined costs of Infront Sports & Media AG. With respect to the 2006 FIFA World Cup™, FIFA expects to earn income from this profit sharing agreement in the year 2006.

FIFA entered with iSe (International Sports & Entertainment AG) into an agreement which included the following contingent revenue:

- FIFA shall receive 70% of the profit share of the total hospitality revenue exceeding CHF 270 million up to CHF 360 million. If the revenue exceeds CHF 360 million, FIFA shall receive 65% of the profit share.

FIFA entered into marketing contracts with Yahoo! and Electronic Arts which include contingent revenue arrangements as follows:

- FIFA shall retain 40% of all revenue generated directly from the operation of the FIFA World Cup™ Website exceeding the threshold amount of USD 8.5 million. FIFA does not expect to earn any revenue under this arrangement before 2006.
- Electronic Arts pays to FIFA a royalty in addition to the agreed amount of 5.5% of net invoiced billings for the FIFA Brand Licence and the FIFA World Cup™ Licence exceeding USD 1.6 billion. FIFA does not expect to earn any additional revenue under this arrangement before 2006.

In July 2004 FIFA signed the Second Amendment to the Organising Association Agreement, which includes the following contingent revenue arrangements:

- 50% of the overall Ticketing/Accommodation profit in excess of the first twenty million EURO shall be paid to FIFA by the Organising Committee. FIFA's share of the additional overall Ticketing/Accommodation profit shall be due and payable in accordance with the terms and conditions of the OAA 3 months after the final match of the 2006 FIFA World Cup™.
- 40% of the overall profit in excess of the threshold amount of the first fifty million Swiss Francs shall be paid to FIFA by the Organising Committee. FIFA's share of the overall profit of the Organising Committee shall be due and payable to FIFA by the Organising Committee in accordance with the terms and conditions of the OAA 3 months after the final match of the 2006 FIFA World Cup™.

30 VALUE-IN-KIND REVENUE

Value-in-kind revenue from partners are not recognised in the income statement due to the fact that the fair value of the revenue cannot be measured reliably and the local organisation committees are the actual beneficiaries of the value-in-kind.

FIFA entered into value-in-kind agreements with the following companies: adidas, Anheuser-Busch, Avaya, Coca-Cola, Deutsche Telekom, Fujifilm, Hyundai, Philips and Yahoo! The counter parties agreed to deliver a predetermined quantity of products or services to local organising committees to be used during the FIFA World Cup™ or Additional FIFA Events.

31 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

in CHF	31 December 2004	31 December 2003
Less than 1 year	890,383	1,278,317
Between one 1 – 5 years	468,297	2,079,776
Total	1,358,681	3,358,093

FIFA leases office rooms, vehicles and office equipment under operating leases. The leases typically extend over an initial period of between one to five years, with an option to renew the lease after that date. None of the leases include contingent rentals.

During 2004, CHF 1,003,700 (2003: CHF 1,198,817) was recognised as an expense in the income statement in respect of operating leases.

32 RELATED PARTY TRANSACTIONS

Identity of related parties

FIFA as an association has 205 associations as its members. The associations affiliated to FIFA and geographically situated on the same continent form confederations. Additionally, from the perspective of FIFA, the following persons are regarded as related parties: members of the Executive Committee and Finance Committee as well as the Honorary President.

Transactions with related parties

Each member of the FIFA association must pay an annual subscription fee, and for every international match – including friendly matches, tournaments and all the matches of the Olympic Football Tournaments – played between two international “A” teams, the association of the country in which the match is being played pays a share of the gross receipts of the match to FIFA.

FIFA makes yearly contributions (*FAP, Goal*) to the associations and confederations to support their efforts in promoting and developing football in their area (refer to note 8). Additionally, FIFA organises the FIFA World Cup™ and other FIFA Additional Events, compensates teams for their expenses and provides finalist payments.

33 CANCELLATION INSURANCE – ALTERNATIVE RISK TRANSFER

In the past, FIFA has taken out cancellation insurance (which includes insurance against curtailment and abandonment risk) in the standard insurance market in order to cover the financial risk in case the FIFA World Cup™ event is cancelled, curtailed or abandoned. Given the changes in the insurance market after 11 September 2001, especially in relation to coverage for terrorist and war risk, FIFA has explored various alternatives to standard insurance and has decided to buy cancellation, curtailment and abandonment protection, not in the - insurance market, but by way of a capital market transaction in the international capital - markets. The transaction, which was concluded as at 8 October 2003, works in a fashion very similar to standard insurance with the noteworthy exception that the contingent obligations of the protection providers are fully collateralised. The issuer, a special purpose vehicle, then issued notes totalling USD 260 million at Libor +1.5% in the capital markets in U.S. Dollars, Euro and Swiss Francs, thereby transferring the risk of cancellation, abandonment and - curtailment to investors. The special purpose vehicle invests the notes issue proceeds and has created a security interest over them in favour of FIFA (as security for its payment - obligation in case of the occurrence of a cancellation, abandonment or curtailment) and in favour of the investors (as security for its obligation to repay the bonds in case there is no - cancellation, abandonment or curtailment). The impact of the transaction on the consolidated financial statements of FIFA is limited to the accounting for the above-mentioned interest margin plus transaction costs, which are expensed evenly over the expected commercial maturity (30 September 2006) of the notes.

34 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2004	Ownership interest 2003
FIFA Marketing & TV AG	Zurich, Switzerland	Exploitation of Marketing rights	100%	100%
FIFA Marketing Deutschland GmbH	Germany	Service Company	100%	100%
Immobilien Hitzigweg AG in Liquidation	Zurich, Switzerland	Real Estate Company	**	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel Agency	100%	100%
FIFA Ireland Ltd.	Ireland	Service Company	100%	100%
FIFA Media AG	Zurich, Switzerland	No activity	100%	100%
Footfin (Football Finance) AG	Zurich, Switzerland	Special purpose vehicle for securitisation transaction	*	*

* In accordance with the requirements of IFRS, FIFA consolidates Footfin, as FIFA has retained a residual interest in this special purpose vehicle and has retained credit and interest risk related to the assets transferred to it.

** The Liquidation has been finalised in 2004, the assets and liabilities have been transferred in to FIFA.

35 POST BALANCE SHEET EVENTS

The preparation of these consolidated financial statements has been completed on 31 January 2005. The Executive Committee approved them at its meeting on 8 March 2005.

No events have occurred since 31 December 2004, which would require adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2004 and/or disclosure, respectively.



REPORT BY THE AUDITORS TO THE CONGRESS OF

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

As auditors, we have audited the consolidated financial statements of Fédération Internationale de Football Association and subsidiaries, consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements for the year ended 31 December 2004.

These consolidated financial statements are the responsibility of the FIFA Executive Committee. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

KPMG Fides Peat

Fredy Luthiger
Swiss Certified Accountant

Markus Ackermann
Swiss Certified Accountant

Zurich, 8 March 2005



REPORT BY THE INTERNAL AUDIT COMMITTEE TO THE CONGRESS OF

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

In our function as the Internal Audit Committee of FIFA we have assessed the Consolidated Financial Statements (balance sheet, income statement, statement of changes in equity, the cash flow statement and notes) of Fédération Internationale de Football Association for the period from 1 January 2004 to 31 December 2004.

Our responsibility is to express an opinion on these financial statements based on our assessment in compliance with the audit charter of 5 March 2003. We have assessed the positions and information of the 2004 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the Management Letter 2004; and
- Discussion of the financial statements during the meetings of the Internal Audit Committee held on 21 September 2004 and 21 February 2005 in the presence of the FIFA President, the General Secretary, the Director of Finance & Controlling and the - external auditors.

We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our assessment provides a reasonable basis for our opinion. Furthermore, we confirm that we had unrestricted and complete access to all relevant documents and information necessary for the assessment.

We recommend that the FIFA Congress approve the consolidated financial statements for 2004.

For the Internal Audit Committee



Dr Franco Carraro
Chairman
Zurich, 21 February 2005